

1                   IN THE UNITED STATES DISTRICT COURT  
2                   FOR THE NORTHERN DISTRICT OF OHIO  
3                   EASTERN DIVISION  
4   IN RE NATIONAL PRESCRIPTION                   MDL No. 2804  
5   OPIATE LITIGATION                               Case No. 17-MD-2804  
6   This Document Relates to:                   Hon. Dan A. Polster  
7   The County of Summit, Ohio,                     
8   et al., v.                                         
9   Purdue Pharma L.P., et al.                     
10   Case No. 17-op-45004                                 
11   The County of Cuyahoga v.                     
12   Purdue Pharma L.P., et al.                     
13   Case No. 18-op-45090                                 
14   City of Cleveland, Ohio v.                     
15   Purdue Pharma L.P., et al.                     
16   Case No. 18-op-45132                               

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18  
19                   TUESDAY, JANUARY 15, 2019  
20  
21                   - - -  
22  
23                   HIGHLY CONFIDENTIAL - SUBJECT TO FURTHER  
24                   CONFIDENTIALITY REVIEW  
25                   - - -  
26  
27                   Videotaped deposition of MICHAEL COCHRANE,  
28                   held at Foley & Lardner LLP, One Biscayne Tower,  
29                   2 Biscayne Boulevard, Suite 1900, Miami, Florida,  
30                   commencing at 9:11 a.m., on the above date,  
31                   before Kelly J. Lawton, Registered Professional  
32                   Reporter, Licensed Court Reporter, Certified  
33                   Court Reporter.  
34                   - - -  
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22 MICHAEL PIGGINS, Weitz & Luxenberg

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1 - - -  
2 I N D E X  
3 - - -

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| 22 | Anda -                               | May 6, 2008 E-mail - Subject: Kyle   | 147  |
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| 11 | Anda -                               | E-mail Chain - Subject: Customer     | 185  |
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| 14 | Cochrane                             | Bates Numbered                       |      |
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| 21 | Anda_Opioids_MDL_0000539150                     |     |      |
| 22 | Anda - E-mail Chain - Subject: WH/Freight       | 249 |      |
|    | Cochrane Hold ORR890 - Bates Numbered           |     |      |
| 23 | Exhibit 58 Anda_Opioids_MDL_0000084233 to       |     |      |
|    | Anda_Opioids_MDL_0000084237                     |     |      |
| 24 |   |     |      |

|    |                                      |                                      |      |
|----|--------------------------------------|--------------------------------------|------|
| 1  | E X H I B I T S                      |                                      |      |
| 2  | (Attached to transcript)             |                                      |      |
| 3  | MICHAEL COCHRANE DEPOSITION EXHIBITS |                                      | PAGE |
| 4  | Anda -                               | September 11, 2012 - Subject:        | 257  |
|    | Cochrane                             | Calculation Example - Bates Numbered |      |
| 5  | Exhibit 59                           | Anda_Opioids_MDL_0000085935          |      |
| 6  | Anda -                               | E-mail Chain - Subject: Actavis      | 260  |
|    | Cochrane                             | Brand CII Launch Review - MoxDuo -   |      |
| 7  | Exhibit 60                           | Bates Numbered                       |      |
|    |                                      | Anda_Opioids_MDL_0000090905 to       |      |
| 8  |                                      | Anda_Opioids_MDL_0000090907          |      |
| 9  | Anda -                               | March 7, 2012 E-mail - Subject: RA - | 260  |
|    | Cochrane                             | Top Products for Top 100 Stores      |      |
| 10 | Exhibit 61                           | Review (Combined with Misc Random    |      |
|    |                                      | Research) - Bates Numbered           |      |
| 11 |                                      | Anda_Opioids_MDL_0000081549 to       |      |
|    |                                      | Anda_Opioids_MDL_0000081571          |      |
| 12 |                                      |                                      |      |
|    | Anda -                               | U.S. Department of Justice Drug      | 273  |
| 13 | Cochrane                             | Enforcement Administration -         |      |
|    | Exhibit 62                           | Diversion Control Division - Title   |      |
| 14 |                                      | 21 United States Code (USC)          |      |
|    |                                      | Controlled Substances Act            |      |
| 15 |                                      |                                      |      |
|    | Anda -                               | U.S. Department of Justice Drug      | 273  |
| 16 | Cochrane                             | Enforcement Administration -         |      |
|    | Exhibit 63                           | Diversion Control Division - Part    |      |
| 17 |                                      | 1301 - Registration of               |      |
|    |                                      | Manufacturers, Distributors, and     |      |
| 18 |                                      | Dispensers of Controlled Substances  |      |
| 19 |                                      |                                      |      |
| 20 |                                      |                                      |      |
| 21 |                                      |                                      |      |
| 22 |                                      |                                      |      |
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THE VIDEOGRAPHER: We are now on the record.

3

My name is Anthony Barbaro. I am a videographer

4

for Golkow Litigation Services. Today's date is

5

January 15th, 2019, and the time is 9:11 a.m.

6

This video deposition is being held in Miami,

7

Florida, at 2 South Biscayne Boulevard, Suite

8

1900, Miami, Florida 33131 In Re: The National

9

Prescription Litigation for the United States

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District Court, Northern District of Ohio,

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Eastern Division. The deponent is Michael

12

Cochrane.

13

Counsel, would you please announce your

14

appearances for the record.

15

MR. NOVAK: Paul Novak of Weitz & Luxenberg

16

on behalf of the plaintiffs. Also from Weitz &

17

Luxenberg today are Tiffany Ellis and

18

Michael Piggins.

19

MR. MATTHEWS: James Matthews for the

20

defendant Anda, Inc., and for the witness,

21

Michael Cochrane.

22

MS. CARDENAS: Cristina Cardenas from Reed

23

Smith on behalf of AmerisourceBergen.

24

MR. NOVAK: And can we have appearance of

1 counsel who are attending telephonically?

2 Don't all jump in at once.

3 MS. URQUHART: Hello. My name is Abigail  
4 Urquhart, counsel for Walmart.

5 MR. DOWNS: This is Paul Downs for  
6 Covington & Burling, counsel for McKesson.

7 MS. RIGBERG: Karen Rigberg of Arnold and  
8 Porter appearing on behalf of the Endo & Par  
9 defendants.

10 THE VIDEOGRAPHER: Okay. The court reporter  
11 is Kelly Lawton, and she will now swear in the  
12 witness.

13 THE COURT REPORTER: Sir, would you please  
14 raise your right hand.

15 Do you swear or affirm the testimony you're  
16 about to give will be the truth, the whole truth,  
17 and nothing but the truth?

18 THE WITNESS: I do.

19 THE COURT REPORTER: Thank you.

20 MICHAEL COCHRANE, called as a witness by the  
21 Plaintiffs, having been first duly sworn, testified  
22 as follows:

23 ///

24 ///

1 DIRECT EXAMINATION

2 BY MR. NOVAK:

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7

8 Q. Okay. Have you had your deposition taken  
9 before?

10 A. No.

11 Q. Okay. Let me go through a couple just kind  
12 of ground rules.

13 The first is make sure to try to provide your  
14 answers orally rather than just through a head nod or  
15 other gestures.

16 If you don't understand one of my questions,  
17 let me know and I'll try to repeat it or rephrase it  
18 so that hopefully it's understandable.

19 And if at any time over the course of the  
20 deposition you feel like you need a break, let me  
21 know and I'll try to accommodate you as quickly as  
22 possible.

23 Can you provide for me what your last title  
24 was at Anda?

1           A.     Executive director of regulatory compliance.

2           Q.     How long were you with the company?

3           A.     Just over 19 years.

4           Q.     Okay. Before you started with the company,  
5     can you give me just a very brief description of your  
6     education and your prior employment history?

7           A.     High school diploma.

8           Q.     Okay. And employment history after high  
9     school?

10          A.     Was Anda.

11          Q.     Okay. So Anda was your first job out of high  
12     school?

13          A.     Correct.

14          Q.     Okay. And when did you start with the  
15     company?

16          A.     March of 1997.

17          Q.     And was it Anda that you started with or  
18     Andrx?

19          A.     Anda.

20          Q.     Okay. And what was your initial position  
21     starting in March of '97 with Anda?

22          A.     Warehouse operator.

23          Q.     Where was that?

24          A.     In Davie, Florida.



1 Q. How long did you serve as a warehouse  
2 operator?

3 A. Don't really remember. Several years.

4 Q. What position did you hold -- by the way, you  
5 said 19 years at Anda. Was that continuous  
6 employment?

7 A. Yes.

8 Q. Okay. You never stopped and worked somewhere  
9 else?

10 A. No.

11 Q. Okay. After the warehouse operator position,  
12 what was the next position you held at the company?

13 A. I was the team leader of the controlled  
14 substance cage.

15 Q. When you say controlled substance cage, are  
16 you talking about a portion of the warehouse facility  
17 in Davie, Florida?

18 A. Yes.

19 Q. And can you give me a brief description of  
20 your responsibilities as a team leader of the  
21 controlled substance cage at that facility?

22 A. Running the pick, pack, and ship operation as  
23 well as our inventory control and warehouse  
24 management functions.

1 Q. Roughly what time did you hold the position  
2 of controlled substances cage team leader?

3 A. Sometime in 1999 probably through 2001.

4 Q. Okay. When you described one of your  
5 functions in that position as inventory control, can  
6 you give me a brief description as to what your  
7 duties as it related to inventory control entailed?

8 A. Counting the products and doing inventory  
9 reconciliation in the event there were any variances  
10 or any shipping -- potential shipping issues.

11 Q. Okay. What position did you hold after the  
12 controlled substance cage team leader?

13 A. I don't remember. I think it may have been  
14 compliance manager.

15 Q. And during what time did you hold the  
16 position of compliance manager at the company?

17 A. I don't remember the dates.

18 Q. It would have started sometime after 2001?

19 A. Yes.

20 Q. And approximately when did you -- well, let  
21 me ask a different question.

22 What position did you hold at the company  
23 after compliance manager?

24 A. Maybe it was DEA compliance manager prior to

1 compliance manager. Then it was compliance manager.

2 Q. So from the controlled substance cage team  
3 leader, you became DEA compliance manager and then  
4 compliance manager after that?

5 A. I believe so, yes.

6 Q. Okay. And what time did you become  
7 compliance manager?

8 A. I don't remember the dates.

9 Q. Roughly.

10 A. 2003 potentially.

11 Q. How long did you hold that position?

12 A. I don't remember.

13 Q. What position did you have after compliance  
14 manager?

15 A. Maybe compliance logistics manager. I can't  
16 remember all of my titles dating back that far.

17 Q. Sure.

18 Do you have the approximate time frame for  
19 the compliance logistics manager?

20 A. I don't.

21 Q. By the way, for the positions of DEA  
22 compliance manager and then compliance manager, were  
23 the duties roughly the same or did they change?

24 A. They changed somewhat.

1           Q.     Okay.  Why don't you describe first the DEA  
2     compliance manager and what your duties were in that  
3     position.

4           A.     It was the pick, pack, and ship operation  
5     from a logistical standpoint.  Inventory control,  
6     receiving, anything from a warehouse function.

7           Q.     Did you have any duties as it related to  
8     reporting to the Drug Enforcement Administration?

9           A.     Eventually, yeah.  I was doing our ARCOS  
10    reporting, which was a monthly submission of  
11    controlled substances transactions.

12          Q.     Anything other than ARCOS report in terms of  
13    duties that entailed communications with the DEA?

14               MR. MATTHEWS:  Can you clarify just the time  
15    period?

16               MR. NOVAK:  I think he testified  
17    approximately 2001 to 2003.

18               MR. MATTHEWS:  Okay.  So limited to when he  
19    was DEA compliance manager?

20               MR. NOVAK:  Yes.

21               MR. MATTHEWS:  Thank you.

22               THE WITNESS:  Not that I recall, no.

23    BY MR. NOVAK:

24          Q.     Okay.  And how about when the position

1 switched to just general compliance -- or just the  
2 term "compliance manager"? Did you have expanded  
3 responsibilities for reporting to the DEA at that  
4 time?

5 A. Not that I recall, no.

6 Q. Okay. How did your duties change when you  
7 shifted from DEA compliance manager to compliance  
8 manager?

9 A. I also took over the licensing aspect of our  
10 facilities and the duties of compliance as far as the  
11 Department of Health was concerned.

12 Q. Is that the Florida Department of Health?

13 A. Yes.

14 Q. I may have touched on this, but do you recall  
15 approximately when you switched from compliance  
16 manager to compliance logistics manager?

17 A. I do not.

18 Q. Roughly how long did you serve as a  
19 compliance logistics manager?

20 A. I don't remember.

21 Q. What were the duties that you had as a  
22 compliance logistics manager?

23 A. I still had -- I still oversaw the pick,  
24 pack, and ship operation of the controlled substance

1 area as well as following Florida Department of  
2 Health and the newer pedigree regulations that  
3 started in 2003, I believe, 2004, maybe.

4 Q. Is that the sum and substance of your duties  
5 as a compliance logistics manager?

6 A. Yes.

7 Q. What position did you hold after that?

8 A. I don't remember. Director of compliance,  
9 maybe.

10 Q. And approximately when did you become  
11 director of compliance?

12 A. I'm not sure. Sometime between 2005 and  
13 2010, I would think.

14 Q. Is when you started in that position?

15 A. I believe so.

16 Q. Okay. And can you give me a description of  
17 your duties in that position?

18 A. It all encompassed the same thing. The pick,  
19 pack, and ship operation of the controlled substance  
20 area as well as prescription drug pedigree  
21 regulation. And at some point through there I also  
22 took over the licensure of our facilities, but I  
23 can't remember the specific dates.

24 Q. Okay.

1 (Anda - Cochrane Exhibit 1 was marked for  
2 identification.)

3 BY MR. NOVAK:

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13 MS. RIGBERG: Excuse me. This is Karen. Is  
14 there a Bates Number for this document?

15 MR. NOVAK: Oh, thanks. The document bears  
16 the Bates Number 11 -- 110043 and 44.

17 MS. RIGBERG: Okay. Good. Thanks.

18 BY MR. NOVAK:

19 Q. Have you had a chance to review the document,  
20 Mr. Cochrane?

21 A. Yeah.

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18           Q.    And you were the one responsible to review  
19           and determine as of this time in 2010 what those  
20           limits were for each customer?

21           A.    In 2010, I believe we had a baseline of  
22           either 5,000 or 1,000. I'm not sure. And then we  
23           would adjust accordingly from there.

24           Q.    Okay.



1           A.    I can't remember at that specific date what  
2           the specific numbering or limits were from a starting  
3           standpoint.

4           Q.    Right.

5                   Did you receive the title of executive  
6           director around this time in 2010?

7           A.    I don't remember.  If it wasn't around this  
8           time, it was shortly after, I would think.

9           Q.    Okay.  And was your title executive director  
10          of compliance?

11          A.    I believe it was executive director of  
12          regulatory compliance.

13          Q.    And that is the position that you held at  
14          Anda for the remainder of your time there?

15          A.    Yes.

16          Q.    And you received that title in approximately  
17          2010?

18          A.    I believe so.

19          Q.    Can you give me a description of what your  
20          responsibilities were as the director -- the  
21          executive director of regulatory compliance?

22          A.    Yeah.  I was the certified designated  
23          representative.  I managed all of our customer  
24          licensing, the review and determined the control

1 limits, ensuring the company's DEA regulatory state  
2 and federal compliance, OSHA, EPA, PDMA, DEA,  
3 everything that's listed on this form.

4 Q. Okay. Did your duties expand at any time  
5 from 2010 until your departure from the company?

6 And when did you leave the company? 2016?

7 A. '16, yes.

8 Q. Did your duties expand from the period of  
9 2010 to 2016?

10 A. Yeah. I took over sales training for a short  
11 period of time, and that was it.

12 Q. Okay. Who did you work with in performing  
13 the sales training function?

14 A. There was a department that was already  
15 assembled prior to me inheriting it after a reorg  
16 that was done sometime in 2014, 2015, maybe. There  
17 was already a team of maybe five people or so that  
18 were part of that department that I ended up taking  
19 over.

20 Q. Okay. Who were those individuals back in  
21 2014 or '15 that reported to you when you took over  
22 the sales training requirements?

23 A. Specific names?

24 Q. Yeah.

1           A.     Margaret Haines, Abby Pratter, Chuck  
2     Brooks -- he was the -- he was the sales training  
3     manager at that point -- Dezzy Perez, Leann Brenham.  
4     There might have been two other ones. I can't  
5     remember their names.

6           Q.     Okay. You also had a regulatory compliance  
7     staff that reported to you?

8           A.     I did, yes.

9           Q.     And at this roughly 20 -- well, let's go back  
10    to approximately 2005 when you were the director of  
11    compliance.

12          A.     Okay.

13          Q.     Who was it that reported to you at that time?

14          A.     In 2005, I had Miguel Palma, a team of  
15    warehouse operators under him that ran the actual  
16    pick, pack, and ship operation of the controlled  
17    substance area. I had Emily Schultz, Vivian Harvey,  
18    maybe one or two others that I can't remember right  
19    now.

20          Q.     Okay. When you began to review and determine  
21    control limits of accounts, who was it that assisted  
22    you in performing that function?

23          A.     Emily Schultz to start, and then from there  
24    we expanded the department sometime after 2010.

1 Q. Okay. And who else in addition to  
2 Emily Schultz when you got into 2010 and later?

3 A. After 2010, it was Sabrina Solis, then  
4 Mary Barber. For a short period of time, we had  
5 someone named Howard Davis. Latoya Samuels after  
6 that. Before I left, John Kincaide, Robert Brown,  
7 and one other I can't remember.

8 Q. Okay.

9 A. That's stretching from after 2010 through --  
10 through '16.

11 Q. Okay. By the way, for purposes of preparing  
12 for this deposition, what did you do?

13 A. What did I do?

14 Q. Yes.

15 A. I met with James and Katie.

16 Q. When was that?

17 A. Yesterday.

18 Q. Without telling me the substance of any  
19 documents, did you review documents in your meeting  
20 with James and Katie?

21 A. I did.

22 Q. Okay. Now, for purposes of all of these  
23 different responsibilities and titles that you  
24 performed over your 19 years at Anda, did the

1 documents that you reviewed yesterday assist in  
2 jogging your memory on some of the details?

3 A. For some, yes.

4 Q. Okay. Did they assist in refreshing your  
5 recollection about particular facts or events as it  
6 related to the performance of your responsibilities?

7 A. For some of them, yes.

8 Q. Okay. When you say for some of them, you  
9 mean for some of the facts and events?

10 A. Yes.

11 Q. Okay.

12 (Anda - Cochrane Exhibit 2 was marked for  
13 identification.)

14 BY MR. NOVAK:

15 Q. We have had marked as Anda - Cochrane  
16 Deposition Exhibit 2 a document that is the Notice of  
17 Videotaped Deposition of Michael Cochrane for today.

18 Have you seen this document before right now?

19 A. No, sir.

20 Q. Okay. The documents that you mentioned that  
21 you reviewed in preparation of your deposition, were  
22 those solely documents that you reviewed yesterday?

23 A. Yes.

24 Q. Okay. Quantity-wise, roughly how many

1 documents were there?

2 A. Oh, I don't remember.

3 Q. Is there a stack of them that you reviewed?

4 A. No, not specifically a stack. I'd say  
5 several.

6 Q. Were they something that you reviewed on a  
7 conference table here in the office?

8 A. Yeah.

9 Q. Okay. About how thick of a pile of documents  
10 were they?

11 A. They were one at a time. There was no  
12 specific pile that we went through. I couldn't give  
13 you a size or a stack or height.

14 Q. Okay. Over what period of time or how long  
15 did you meet yesterday with counsel to prepare for  
16 the deposition?

17 A. I'd say approximately four to five hours.

18 Q. Okay. And it was over that period of time  
19 here in this office that you looked at those  
20 documents?

21 A. Yes.

22 Q. Okay. Now, the notice of deposition  
23 exhibit -- notice of deposition states in the second  
24 paragraph: Pursuant to federal rule, Mr. Cochrane is

1 requested to produce on or before January 15, 2019,  
2 copies of all documents, data, or information  
3 reviewed in connection with his preparation for the  
4 deposition.

5 MR. NOVAK: I'll ask counsel: Are you  
6 willing to provide the documents that are  
7 requested as indicated in that paragraph of  
8 Exhibit 2?

9 MR. MATTHEWS: No, we're not.

10 MR. NOVAK: Okay.

11 MR. MATTHEWS: I don't think you have laid  
12 the foundation.

13 MR. NOVAK: We'll come back to that issue in  
14 a little bit.

15 BY MR. NOVAK:

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10 Q. How were those goals set?

11 A. They were set by our direct managers  
12 specifically. I can't remember what they were.

13 Q. When you say by direct managers, who was your  
14 direct manager during the time period that you were  
15 the executive director of regulatory compliance?

16 A. Albert Paonessa, III.

17 Q. Did you leave your position at roughly the  
18 same time that Mr. Paonessa left his, or was there a  
19 period of time when you reported to his successor?

20 A. I reported to his successor.

21 Q. Okay. And that was?

22 A. Chip Phillips.

23 Q. So during the time that you performed as the  
24 executive director of regulatory compliance, those



1 goals were set either by Mr. Paonessa and then later  
2 by Mr. Phillips?

3 A. Yes, sir.

4 Q. Did any of those bonuses was a factor -- I'll  
5 start over.

6 There came a point in time when Anda was  
7 purchased by Watson. Is that your understanding?

8 A. Yes.

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20                   MR. MATTHEWS: Objection. I'm not going to  
21                   let him answer that question unless you can lay a  
22                   foundation for the actual amount he was paid is  
23                   relevant to the claims and issues in this  
24                   lawsuit.

1           MR. NOVAK: Okay. All right. We've got two  
2           issues now. One is your instruction of the  
3           witness not to answer with respect to  
4           compensation of the specific amounts and also  
5           the -- the refusal to provide documents that the  
6           witness has testified refreshed his recollection  
7           as to the performance of his responsibilities at  
8           the company.

9           I think what I would like to do is call the  
10          special master with respect to those two discrete  
11          items to see if we can get a determination on the  
12          production of the documents as well as whether he  
13          should be allowed to testify on compensation.

14          MR. MATTHEWS: It's your prerogative. If you  
15          want to do that, feel free to do it.

16          MR. NOVAK: And just so you know in advance,  
17          the primary basis for my position that the  
18          documents should be produced is that the witness  
19          has testified that they assisted in refreshing  
20          his recollection as to the performance of his  
21          responsibilities and some facts and events.

22          MR. MATTHEWS: Would you like to give me an  
23          opportunity to examine the witness on that so we  
24          have a record -- a clear record?

1                   MR. NOVAK: Well, he's already provided  
2                   testimony on that.

3                   MR. MATTHEWS: He has testified in vague and  
4                   ambiguous ways that some issues were had -- his  
5                   memory was refreshed as to some issues and not  
6                   tied it to any specific document he reviewed. So  
7                   on the record as it exists, it is not clear what  
8                   document, if any, he reviewed was a document that  
9                   refreshed his recollection, and as to which you  
10                  might be able to overcome the otherwise  
11                  rock-solid privilege on attorney work product,  
12                  okay.

13                  Those documents were selected by me as part  
14                  of my job representing this company to show this  
15                  witness. They are subject to the attorney work  
16                  product doctrine, and it's your burden to  
17                  overcome that. And if you think that the record  
18                  you have now overcomes that, fine, we can go in  
19                  front of the special master and argue it.

20                  But I don't believe it does. And to the  
21                  extent it's not clear on the record that you  
22                  haven't asked about specific documents and that  
23                  he hasn't testified about specific documents, I  
24                  would like the opportunity to make it clear on

1           the record so that when we are before the special  
2           master I can make representations based on  
3           evidence and record rather than just my  
4           representations of what happened. That's all.  
5           It's up to you how you want to proceed.

6                   MR. NOVAK: Okay. Well, I'm assuming that  
7           the particular content of the documents that you  
8           showed him are something that you will also  
9           instruct him not to answer. So it's difficult  
10          for me to go particularly further in providing a  
11          more detailed evidentiary foundation.

12                   MR. MATTHEWS: You know, I'm not -- I'm not  
13          your lawyer. So you have to do it however you  
14          want to do it, Mr. Novak.

15                   MR. NOVAK: So I think we'll -- do you have  
16          the phone number?

17                   THE VIDEOGRAPHER: Off the record?

18                   MR. NOVAK: Yes.

19                   THE VIDEOGRAPHER: Off the record at 9:49.

20                           (Recess from 9:49 until 9:51 a.m.)

21                   THE VIDEOGRAPHER: We're now back on the  
22          video record at 9:51 a.m.

23                           (Anda - Cochrane Exhibit 3 was marked for  
24          identification.)

1 BY MR. NOVAK:

2 Q. Mr. Cochrane, do you recognize the name  
3 Joseph Rannazzisi?

4 A. Yeah, I have heard it.

5 Q. What is your understanding as to who Joseph  
6 Rannazzisi is?

7 A. I believe at one point he was in charge of  
8 the DEA. I don't remember his specific title.

9 Q. Okay. We have had marked a document that was  
10 previously marked as Anda Versosky Deposition Exhibit  
11 Number 1 and will be marked in this proceeding -- or  
12 in this deposition as Anda - Cochrane Deposition  
13 Exhibit 3.

14 Mr. Cochrane, is this a document that you  
15 would have seen prior to today?

16 A. I believe so. I don't remember it  
17 specifically, though.

18 Q. Okay. Generally, do you recall reference to  
19 a Rannazzisi letter or letters that issued in the  
20 2006 and 2007 time frame to various wholesalers and  
21 distributors around the country?

22 A. Yes.

23 Q. And do you understand that Anda - Cochrane  
24 Deposition Exhibit 3 was such a letter that would

1 have been received by Anda during that time frame?

2 A. Yes.

3 MS. RIGBERG: Is there a Bates Number for  
4 this?

5 MR. NOVAK: Yes. Anda - Cochrane Deposition  
6 Exhibit Number 3 bears the Bates  
7 Number Anda540738 through 540741.

8 And I'll note someone probably has a copy  
9 that may have my notes on it. Maybe not.

10 MR. MATTHEWS: Not me.

11 MR. NOVAK: Okay.

12 BY MR. NOVAK:

13 Q. I would like to direct your attention to the  
14 third page of Anda - Cochrane Deposition Exhibit  
15 Number 3 that states or sets forth circumstances that  
16 might be indicative of diversion. And there are a  
17 series of factors that are set forth in the  
18 Rannazzisi letter of 2006.

19 Have you reviewed these different factors  
20 before?

21 MR. MATTHEWS: Objection.

22 THE WITNESS: Not that I remember, no.

23 BY MR. NOVAK:

24 Q. Okay. By the way, for purposes -- and we'll

1 set the letter to the side for the moment.

2 For the purposes of performing your  
3 responsibilities as executive director of regulatory  
4 compliance or the prior position of director of  
5 regulatory compliance, how did you prepare yourself  
6 for becoming aware of what different regulatory  
7 obligations as it related to controlled substance  
8 were?

9 A. We were active HDMA members. I worked for  
10 Jay Spellman for a number of years before moving  
11 under Dan Movins, who was also somebody who was in  
12 the industry for a substantial amount of time. I  
13 don't know if you would call them my mentors, but I  
14 worked with them for long periods of time.

15 Q. Okay. You made reference to HDMA membership?

16 A. Yes.

17 Q. Were there conferences that you would go to  
18 that were sponsored by HDMA or other organizations?

19 A. There were a couple, yeah.

20 Q. And those conferences gave you training on  
21 what different factors were -- that assisted you in  
22 the performance of your responsibilities as it  
23 related to controlled substances?

24 A. Yeah.



1           Q.    Okay.  Do you recall the Rannazzisi letters  
2   being identified at those conferences as articulating  
3   some of the things that you would evaluate for  
4   determining whether particular customers of Anda  
5   should be eligible to buy controlled substances?

6           A.    I don't remember them specifically being at  
7   conferences dating back that far.

8           Q.    Okay.  Let's go through some of the  
9   circumstances that are identified in Anda - Cochrane  
10   Deposition Exhibit 3 on the third page.

11                   And the heading states:  "Circumstances that  
12   might be indicative of diversion."

13                   And the first one articulated there is:  
14   Ordering excessive quantities of a limited variety of  
15   controlled substances (e.g., ordering only  
16   phentermine, hydrocodone, and alprazolam) while  
17   ordering few, if any, other drugs.

18                   Do you see that reference?

19           A.    Yeah.

20           Q.    Is that one of the factors that Anda  
21   evaluated in making a determination as to whether a  
22   particular controlled substance customer of the  
23   company should be authorized to receive controlled  
24   substances?

1           A.     Yeah.

2           Q.     Okay.  When was it that Anda began to  
3     evaluate the quantity of controlled substances as  
4     compared to other drugs?

5           A.     2005, maybe.

6           Q.     Okay.  Now, in order to make that evaluation,  
7     Anda would need to review both what they were  
8     ordering in terms of controlled substances and also  
9     what they were ordering for noncontrolled substances,  
10    correct?

11          A.     Yeah.  But I don't remember if we were doing  
12    a specific comparison back in 2005.

13          Q.     Okay.  That might have come later?

14          A.     I think -- I believe it did.

15          Q.     Okay.  In fact, I think I'll go to a  
16    different document and then come back to this one.

17          A.     Okay.

18                 (Anda - Cochrane Exhibit 4 was marked for  
19    identification.)

20    BY MR. NOVAK:

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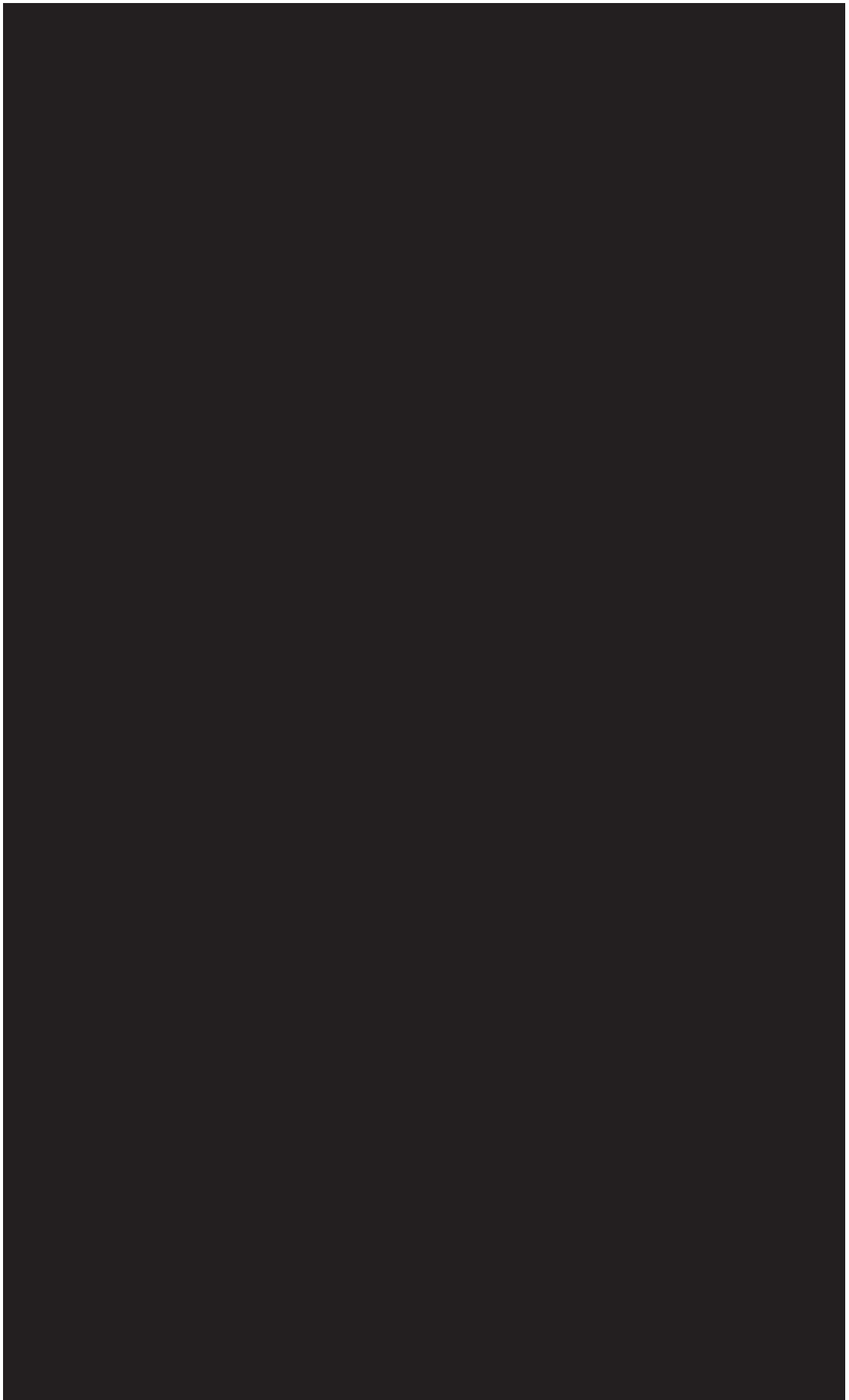
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MR. MATTHEWS: Objection.

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BY MR. NOVAK:

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Q. Correct?

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MR. MATTHEWS: Objection.

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THE WITNESS: Yes.

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BY MR. NOVAK:

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Q. Okay.

23

(Anda - Cochrane Exhibit 7 was marked for

24

identification.)



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MR. NOVAK: Oh, sorry, sorry, sorry.

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MR. MATTHEWS: Do you want to take that back?

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MR. NOVAK: Did we already have it marked?

6

Well, we'll leave it as 7.

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MR. MATTHEWS: Okay. And let me see if I can

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find the --

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MR. NOVAK: Was it 7 or 6?

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MR. MATTHEWS: The court reporter is the best

11

official --

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MR. NOVAK: The best evidence.

13

MR. MATTHEWS: -- of where we are. I will

14

often get it wrong, as you know.

15

MR. NOVAK: Why don't we take five minutes.

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THE VIDEOGRAPHER: Off the record at 10:12.

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(Recess from 10:12 until 10:34 a.m.)

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THE VIDEOGRAPHER: We are now back on the

19

record at 10:34.

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BY MR. NOVAK:

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22           Q.     Now, when we look at Anda - Cochrane  
23     Deposition Exhibit 3, the third page of it, a number  
24     of the different factors that are identified there

1 under "Circumstances That Might Be Indicative of  
2 Diversion" make reference to an analysis of what is  
3 being dispensed from the -- from the retailer.

4 Is that a fair characterization?

5 MR. MATTHEWS: Objection.

6 THE WITNESS: Yeah.

7 BY MR. NOVAK:

8 Q. Okay. So, for example, you wouldn't be able  
9 to determine whether a retailer was ordering  
10 excessive quantities of a limited variety of  
11 controlled substances while ordering few, if any,  
12 other drugs without -- well, actually, I won't ask  
13 about that one.

14 But an additional factor, the other Number 1  
15 on that page, is the percentage of the pharmacy's  
16 business that dispensing controlled substances  
17 constitutes.

18 You wouldn't be able to figure that out  
19 unless you had the retailer's dispensing data,  
20 correct?

21 MR. MATTHEWS: Objection.

22 THE WITNESS: Yeah.

23 BY MR. NOVAK:

24 Q. And some of these other factors -- for

1       example, the disproportionate share of the  
2       prescriptions for controlled substances being filled  
3       by the pharmacy -- again, you need the dispensing  
4       data for that to figure out whether there was a  
5       disproportionate share being dispensed by the  
6       retailers?

7                   THE WITNESS:   Yes.

8                   MR. MATTHEWS:  Objection.

9       BY MR. NOVAK:

10           Q.     In fact, a whole array of those different  
11       factors that the FDA identifies really require you to  
12       have a good set of dispensing data from your customer  
13       in order to evaluate them.

14                   Is that -- is that a fair characterization?

15                   MR. MATTHEWS:  Objection.

16                   THE WITNESS:  Yes.   You mean the DEA, not the  
17       FDA.

18                   MR. NOVAK:   Thank you.

19       BY MR. NOVAK:

20           Q.     With that qualification, it's a fair  
21       characterization?

22                   MR. MATTHEWS:  Objection.

23       BY MR. NOVAK:

24           Q.     Correct?

1 A. Yes.

2 Q. And at some point, Anda started collecting  
3 the customer or potential customer's dispensed data  
4 to evaluate the different factors that are identified  
5 on Page 3 of Anda - Cochrane Deposition Exhibit 3,  
6 the Rannazzisi letter, correct?

7 A. Yes.

8 Q. When was it that Anda began collecting  
9 dispensed data from its customers for performing that  
10 type of review?

11 A. Sometime in 2007.

12 Q. Okay. What was it --

13 A. It may have been early 2007, I think.

14 Q. Okay.

15 A. Maybe mid.

16 Q. And what was it that caused Anda to change  
17 its policy to begin collecting and reviewing that  
18 type of information?

19 MR. MATTHEWS: I'm going to object to the  
20 question and instruct the witness not to answer  
21 to the extent answering that question requires  
22 you to reveal communications between the company  
23 and you and any company attorney, whether inside  
24 or outside.

1                   To the extent you can answer without  
2                   revealing any such conversations, you can answer  
3                   the question.

4                   THE WITNESS: I honestly don't remember.

5       BY MR. NOVAK:

6           Q.     Okay. At any rate, you think it was '07 when  
7           the company started, as a matter of policy,  
8           collecting dispensed data --

9           A.     Yes.

10           MR. MATTHEWS: Objection.

11       BY MR. NOVAK:

12           Q.     -- to determine whether they were going to  
13           sell controlled substances to particular customers?

14           MR. MATTHEWS: Objection.

15           THE WITNESS: I don't -- I think we were  
16           going after existing customers at that point in  
17           time that were already doing business with us and  
18           collecting questionnaires and collecting  
19           dispensing data as well as for newer customers.

20       BY MR. NOVAK:

21           Q.     Okay.

22                   (Anda - Cochrane Exhibit 8 was marked for  
23           identification.)

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1 BY MR. NOVAK:

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10 Q. Okay. And your testimony is that it was the  
11 DEA who made the suggestion to set a 5,000 dosage  
12 unit cap?

13 A. Yes, I believe they did suggest that in 2007.

14 Q. Okay. Who at the DEA made that suggestion?

15 A. Michael Mapes, Kyle Wright. I'm not sure who  
16 else was there for that meeting.

17 Q. Okay. And you're talking about a specific  
18 meeting that occurred in July of 2007?

19 A. I don't remember the exact date of the  
20 meeting, but I'm pretty sure it was in 2007, yeah.

21 Q. Who all attended the meeting?

22 A. It was me, Al Paonessa, Tracey Hernandez,  
23 Dianne Miranda, Michael Mapes, Kyle Wright, Barbara  
24 McGrath. Maybe a couple of other folks from DEA. I



1 don't remember their names.

2 Q. Okay. Ms. McGrath, where was she from?

3 A. She was the Florida diversion program  
4 manager.

5 Q. At DEA?

6 A. Yeah.

7 Q. Okay. Who was Tracey Hernandez?

8 A. Tracey Hernandez was a DEA compliance person  
9 for Watson -- Watson Pharma.

10 Q. Okay. At the time, Watson owned Anda?

11 A. Yes.

12 Q. Okay. Did Ms. Hernandez sometimes give you  
13 instruction about the performance of your  
14 responsibilities at Anda?

15 A. No, not specifically that I can remember.

16 Q. You don't remember her ever providing  
17 guidance on how compliance functions at Anda should  
18 be performed?

19 A. Yeah, I'm sure we discussed it since she was  
20 part of the same organization. I don't remember  
21 anything specific, though.

22 Q. Okay. What do you remember about this  
23 July 2007 meeting with the DEA representatives, the  
24 Watson representatives, and the Anda people?

1 MR. MATTHEWS: Objection.

2 THE WITNESS: I think Michael Mapes reached  
3 out to Tracey Hernandez inquiring about Anda and  
4 whether or not Watson owned Anda. From there,  
5 she explained that through an acquisition we were  
6 part of Watson at that point, and he wanted us to  
7 all come up and discuss controlled substance  
8 distribution.

9 BY MR. NOVAK:

10 Q. Did Mr. Mapes or any of the other DEA  
11 representatives express concern about the manner in  
12 which Anda had been distributing controlled  
13 substances prior to the time of the meeting?

14 MR. MATTHEWS: Objection.

15 THE WITNESS: Yeah.

16 BY MR. NOVAK:

17 Q. What particularly did he express concern  
18 about?

19 A. Some specific customers that Anda had that we  
20 were distributing product to.

21 Q. Do you recall which customers?

22 A. I don't.

23 Q. Okay. And what was it about your  
24 distribution to those customers that DEA was

1 concerned about?

2 A. Pretty sure it was the quantity of certain  
3 products.

4 Q. Okay. From DEA's perspective, they were  
5 concerned that Anda was providing too large a  
6 quantity of controlled substances to particular  
7 customers?

8 A. Yes.

9 MR. MATTHEWS: Objection.

10 BY MR. NOVAK:

11 Q. And what types of quantities was he  
12 identifying?

13 MR. MATTHEWS: Objection.

14 THE WITNESS: I don't remember the exact  
15 numbers.

16 BY MR. NOVAK:

17 Q. Okay. Did he identify a particular customer  
18 for whom Anda was providing 279,000 units of  
19 hydrocodone?

20 MR. MATTHEWS: Objection.

21 THE WITNESS: I don't remember that  
22 specifically.

23 MR. NOVAK: Okay. How about 179,000 units of  
24 hydrocodone to a different customer?

1 MR. MATTHEWS: Objection.

2 THE WITNESS: I don't remember that number  
3 specifically either.

4 BY MR. NOVAK:

5 Q. Were those -- irrespective of whether you  
6 recall the exact number, were those the rough numbers  
7 that were being communicated by Mr. Mapes to the Anda  
8 representatives at the meeting?

9 MR. MATTHEWS: Objection.

10 THE WITNESS: I -- I don't remember specific  
11 numbers.

12 BY MR. NOVAK:

13 Q. I understand you don't remember specific  
14 numbers. But were they in that ballpark?

15 MR. MATTHEWS: Objection.

16 THE WITNESS: I don't remember.

17 BY MR. NOVAK:

18 Q. Okay. You don't remember at all the volume  
19 or the quantity --

20 A. I don't remember if it was 50,000 or 300,000.

21 Q. All right. At any rate -- well, let me ask a  
22 different question.

23 Were you aware of the Southwood Compliance  
24 Action that DEA had taken back in the summer of 2007?

1           A.     I believe I was, yes.

2           Q.     Okay.  And what was your understanding as to  
3     what the DEA did as it related to Southwood?

4           A.     I don't remember if they fined Southwood or  
5     issued an immediate suspension, but it was something  
6     along those lines, I believe.

7           Q.     Okay.  As part of the performance of your  
8     responsibilities at Anda, you tried to keep abreast  
9     as to what DEA was doing from an enforcement  
10    perspective against other distributors, correct?

11          A.     Yeah.  The whole industry did.

12          Q.     And Southwood was a particular action that  
13    the DEA took that got the attention of the rest of  
14    the industry?

15                 MR. MATTHEWS:  Objection.

16                 THE WITNESS:  Yeah.

17    BY MR. NOVAK:

18          Q.     Okay.  Why?

19          A.     Because they either fined them or issued an  
20    immediate suspension.  I don't remember the exact  
21    circumstances for Southwood, given the fact that it  
22    was that long ago.

23          Q.     Sure.

24          A.     But it was -- it was an issue that the

1 industry all knew of.

2 Q. What was it that Southwood was doing that was  
3 of concern?

4 MR. MATTHEWS: Objection.

5 THE WITNESS: I don't remember.

6 BY MR. NOVAK:

7 Q. Okay. Was there also pending enforcement  
8 action by DEA against AmerisourceBergen?

9 MR. MATTHEWS: Objection.

10 THE WITNESS: I'm not sure.

11 BY MR. NOVAK:

12 Q. You don't recall whether that was brought up  
13 by Mr. Mapes or some of the other DEA representatives  
14 at this meeting in July of '07?

15 MR. MATTHEWS: Objection.

16 THE WITNESS: Yeah, I don't remember them  
17 bringing that up.

18 BY MR. NOVAK:

19 Q. Okay. Do you remember them bringing up --  
20 (Conferring with co-counsel.)

21 MR. NOVAK: We're going off the record.

22 THE VIDEOGRAPHER: Off the record at 10:51.

23 (Recess from 10:51 until 11:18 a.m.)

24 THE VIDEOGRAPHER: We're now back on the

1 record. The time is 11:18.

2 BY MR. NOVAK:

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19           Q.     Okay. Did -- when you -- by the way, are  
20           there any documents -- never mind.

21                     When you initially started in the 2005 and  
22           '06 time frame, in the performance of your regulatory  
23           compliance functions at the company, did Anda have a  
24           number of physician customers to whom they sold



1 controlled substances?

2 A. Yes.

3 Q. Okay. How many, if you know?

4 A. I don't know.

5 Q. Hundreds, thousands?

6 A. Probably somewhere in the thousands, I would  
7 think.

8 Q. Okay. How was it that Anda would establish a  
9 relationship directly with physician customers for  
10 controlled substances?

11 MR. MATTHEWS: Objection; foundation.

12 THE WITNESS: We had a specific group of  
13 sales reps that were dedicated to physician  
14 accounts.

15 BY MR. NOVAK:

16 Q. They would actually visit their physician  
17 offices?

18 A. No, no. It was all over the phone.

19 Q. Okay. They'd actually issue cold calls to  
20 physicians' offices?

21 A. I believe they would.

22 Q. Okay. And inquire as to whether they were  
23 interested in opening account to purchase controlled  
24 substances?

1 MR. MATTHEWS: Objection.

2 THE WITNESS: I don't think the lead-in was  
3 controlled substances. The lead-in was to  
4 establish a business relationship. There are  
5 numerous other products that a physician's office  
6 would have been able to purchase through us.

7 BY MR. NOVAK:

8 Q. And many of them would also purchase  
9 controlled substances?

10 MR. MATTHEWS: Objection.

11 THE WITNESS: I'm not sure what the  
12 percentage was.

13 BY MR. NOVAK:

14 Q. Okay. Was part of your regulatory compliance  
15 function an evaluation of the appropriateness of  
16 physician purchases of controlled substances?

17 MR. MATTHEWS: Objection.

18 THE WITNESS: Eventually, we ended up  
19 discontinuing sales to physician customers as far  
20 as controlled substances. I'm not sure what  
21 evaluation process there was dating that far back  
22 on the -- on the physician side.

23 BY MR. NOVAK:

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10 Q. Okay. Anda wouldn't perform any detailed  
11 review of the product mix that the physician was  
12 purchasing?

13 MR. MATTHEWS: Objection.

14 THE WITNESS: Not that I recall, no.

15 BY MR. NOVAK:

16 Q. Okay. And were there instances where Anda  
17 would receive notifications from the DEA that other  
18 distributors had decided to cut off particular  
19 physicians?

20 A. Yeah. It wasn't limited to just physicians.  
21 It was physicians and pharmacies, I believe.

22 Q. Okay.

23 (Anda - Cochrane Exhibit 9 was marked for  
24 identification.)

1 BY MR. NOVAK:

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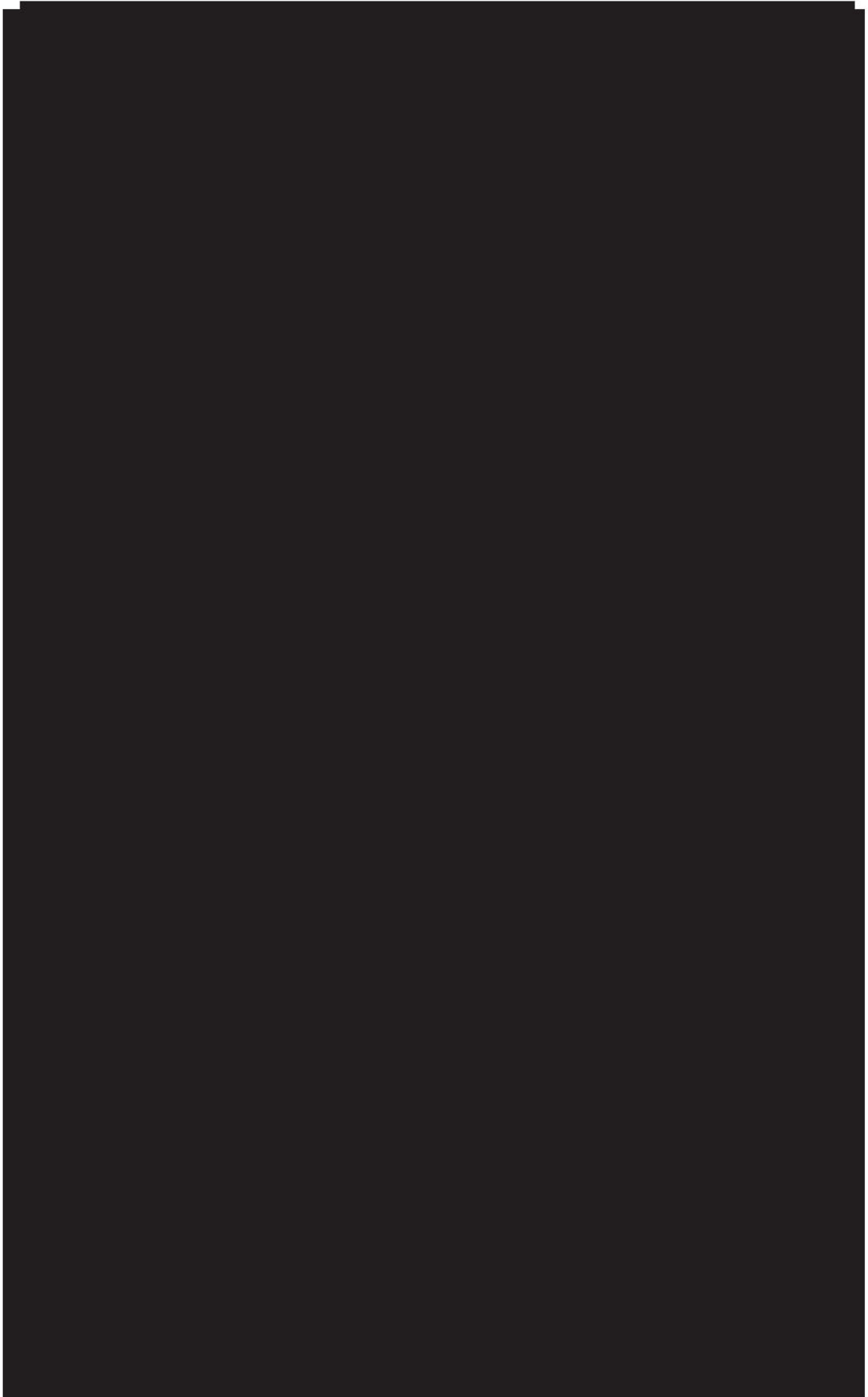
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1 (Anda - Cochrane Exhibit 10 was marked for  
2 identification.)

3 BY MR. NOVAK:

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MR. NOVAK: Okay.

THE WITNESS: Or why they would sound familiar.

BY MR. NOVAK:

Q. Did Tracey Hernandez ever inquire as to why Anda's suspicious order monitoring program weren't picking up on these physicians and cutting them off?

MR. MATTHEWS: Objection.

THE WITNESS: Not that I recall, no.

BY MR. NOVAK:

Q. Did Ms. Hernandez give direction to you to make sure that these customers were cut off?

MR. MATTHEWS: Objection.

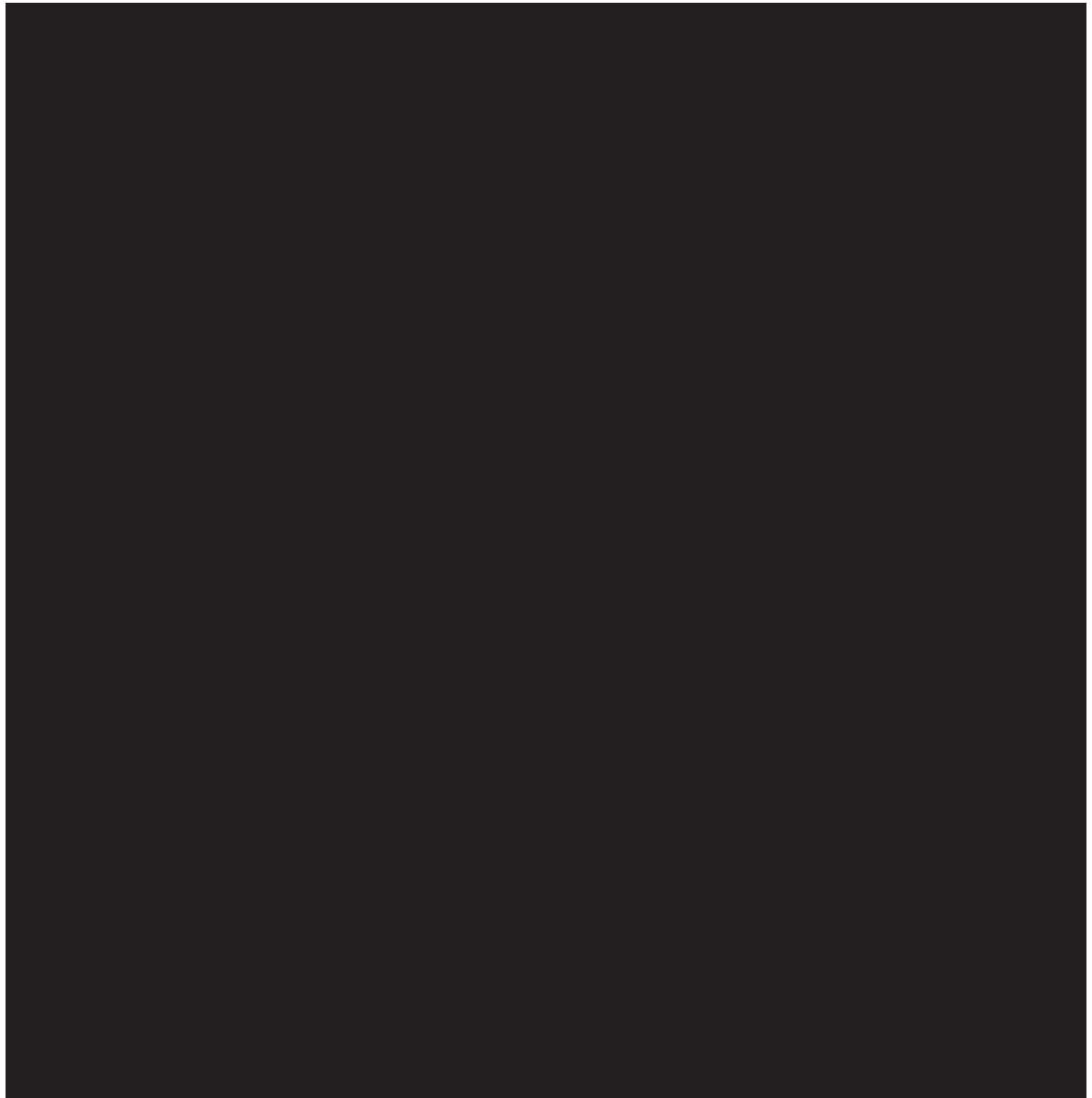


1           THE WITNESS: Not that I remember, no. We  
2           were already doing it if an e-mail came out from  
3           Kyle like this. But I don't remember her  
4           specifically saying Anda should do it or telling  
5           us that we need to, but it looks like she was  
6           clearly doing the same thing that we were.

7           (Anda - Cochrane Exhibit 11 was marked for  
8           identification.)

9           BY MR. NOVAK:

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9 BY MR. NOVAK:

10 Q. Okay. Was there a concern at Anda in the  
11 2007 time frame as to whether sales to physicians  
12 directly from Anda of opioid products would  
13 contribute to the diversion of opioid products?

14 MR. MATTHEWS: Objection.

15 THE WITNESS: Al -- Al and I were called up  
16 to the Florida Department of Health at one point  
17 to specifically discuss controlled substance  
18 sales to physicians. So, yeah, there was a  
19 concern.

20 And we met with the Department of Health at  
21 their request in Tallahassee to talk about  
22 potential drug diversion and physician sales.

23 BY MR. NOVAK:

24 Q. Okay. Who was that conversation with?

1           A.     It was Al and I, and I'm not a hundred  
2     percent sure who from the Department of Health was  
3     there. It was the existing compliance manager for --  
4     her name was Rebecca -- I can't remember her last  
5     name -- and then one other gentleman.

6           Q.     Okay. Did they express concern about the  
7     volume of Anda's business selling opioids directly to  
8     physicians?

9           MR. MATTHEWS: Objection.

10          THE WITNESS: Yes.

11         BY MR. NOVAK:

12          Q.     What was it that they expressed concern about  
13     specifically?

14          A.     I think they identified the fact that  
15     dispensing physicians were becoming more of a  
16     problem. I'm not sure if it was an application flow  
17     thing for them. There was a one-page document that a  
18     physician could fill out to become a dispensing  
19     physician or practitioner, and eventually, after  
20     meeting with the Department of Health, we decided to  
21     discontinue sales to physicians entirely as far as  
22     controlled substances were concerned.

23                 I don't remember the exact time frame of us  
24     doing that, but it was sometime potentially around

1 2007 or 2008.

2 Q. In the course of performing your  
3 responsibilities in the regulatory compliance areas  
4 of Anda, did you become aware of particular employees  
5 within Anda who were a concern to the company as it  
6 related to overly aggressive sales of controlled  
7 substances?

8 MR. MATTHEWS: Objection.

9 THE WITNESS: I believe there were a few  
10 sales reps on the -- on the Anda side that  
11 targeted specific physicians and groups,  
12 specifically pain management clinics.

13 BY MR. NOVAK:

14 Q. What were the names of the employees that you  
15 became aware of that were overly aggressive as it  
16 related to those types of sales?

17 MR. MATTHEWS: Objection.

18 THE WITNESS: Oh, man. Maybe some of them --  
19 maybe one with a first name of Raphael -- no --  
20 last name Schaefer, maybe. And -- I can't  
21 remember.

22 BY MR. NOVAK:

23 Q. Okay. How was it that you became aware of  
24 Raphael Schaefer being overly aggressive in the

1 promotion of controlled substances to customers?

2 MR. MATTHEWS: Objection.

3 THE WITNESS: I don't remember. It could  
4 have been just from 222 forms coming in since  
5 it's a triplicate form that was required to even  
6 be able to order those products. They're  
7 serialized forms that are issued by the DEA to  
8 registrants specifically for the ordering of  
9 certain classes of product.

10 BY MR. NOVAK:

11 Q. Okay. Were there particular classes of  
12 product -- or, I'm sorry. Different question.

13 Were there particular classes of trade --  
14 I'll start over again.

15 Are you familiar with the term "classes of  
16 trade" as it relates to different types of Anda  
17 customers for controlled substances?

18 A. Yes, somewhat.

19 Q. Can you tell me what different classes of  
20 trade were back in the 2007 time frame for opioids?

21 A. 2007, I would say physicians, retail  
22 independents, there could have been some national  
23 chains, potentially some repackagers, some  
24 distributors.

1 Q. How about pain management clinics?

2 A. I'm not sure if they were under a specific  
3 class of trade that was just labeled physician. I  
4 don't remember there being a specific designation.

5 Q. How about Internet pharmacies?

6 A. Yeah, we had Internet pharmacies prior to  
7 2004 or '05, I believe. We discontinued sales to  
8 anybody that we identified as an Internet pharmacy, I  
9 believe, in 2005.

10 Q. Did you have particular sales employees at  
11 Anda who were identified by government regulatory  
12 agencies as being part of the problem that was  
13 created with Internet pharmacies?

14 MR. MATTHEWS: Objection.

15 THE WITNESS: The only one that comes to mind  
16 is Doug Towle. I believe he is -- I believe the  
17 Miami DEA office asked about him specifically.

18 BY MR. NOVAK:

19 Q. Okay. What did they -- what was -- first of  
20 all, who in the Florida DEA office did you converse  
21 with on that?

22 A. I do not remember. I remember they sent a  
23 request that we ended up having to send to HR because  
24 they wanted personnel information on him at one



1 point. I don't remember what year it was or who I  
2 spoke to. At some point in 2005.

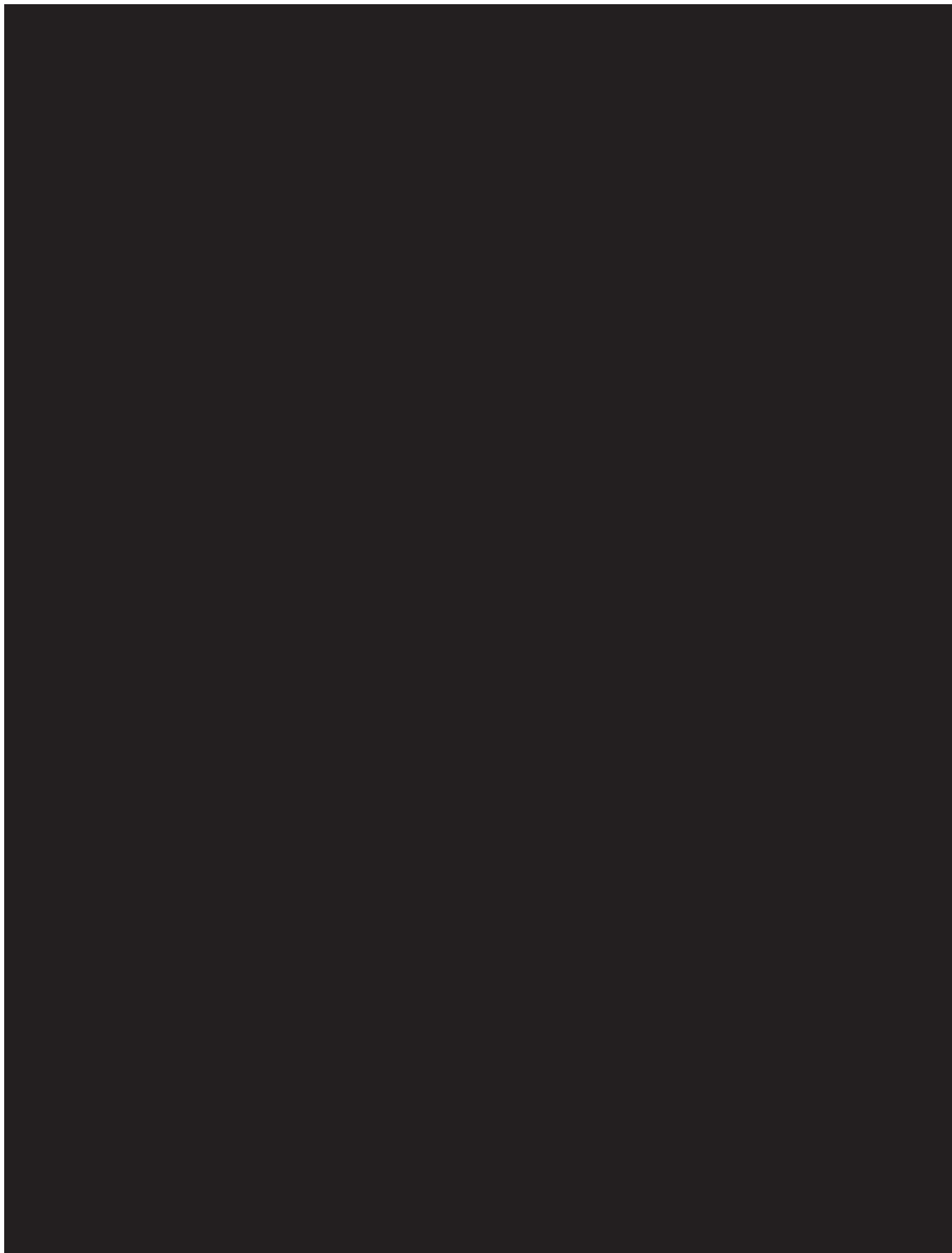
3 (Anda - Cochrane Exhibit 12 was marked for  
4 identification.)

5 BY MR. NOVAK:

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20           Q.    Okay.  Had you had conversations with other  
21           governmental regulatory individuals who identified  
22           Mr. Towle as part of what caused the problem with  
23           respect to the opioid epidemic in Florida?

24                   MR. MATTHEWS:  Objection.

1 THE WITNESS: No, not that I remember.

2 BY MR. NOVAK:

3 Q. Who is Emily Schultz?

4 A. She was an Anda employee that worked for me  
5 in the compliance department.

6 (Anda - Cochrane Exhibit 13 was marked for  
7 identification.)

8 BY MR. NOVAK:

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16 BY MR. NOVAK:

17 Q. And did you discuss how the 5,000 dosage unit  
18 cap could be exceeded for particular customers?

19 A. With?

20 Q. With the DEA.

21 A. Yes. They understood there would be  
22 instances where there are pharmacies that would  
23 require more than 5,000 dosage units.

24 Q. Okay. What specifically was said on that

1 topic?

2 A. I don't remember exactly what was said. But  
3 when we brought up 5,000 as a -- when they brought up  
4 5,000 as a number, we did discuss the fact that there  
5 would be pharmacies that actually would require and  
6 need more than that, more than that specific  
7 hard-fast number.

8 Q. Okay.

9 A. And they agreed.

10 Q. And did you discuss at all how you would  
11 evaluate a particular pharmacy to make a decision as  
12 to whether they should get more than 5,000 units of,  
13 say, OxyContin?

14 A. Yeah. We specifically -- I want to say every  
15 single approval over 5,000 had to be approved by --  
16 by Al Paonessa, who was the president and chief  
17 operating officer of Anda.

18 Q. Okay. So if a particular retail customer  
19 wanted to buy more than 5,000 units of OxyContin, in  
20 order to get their limit raised above that, you would  
21 need to seek approval from Al Paonessa?

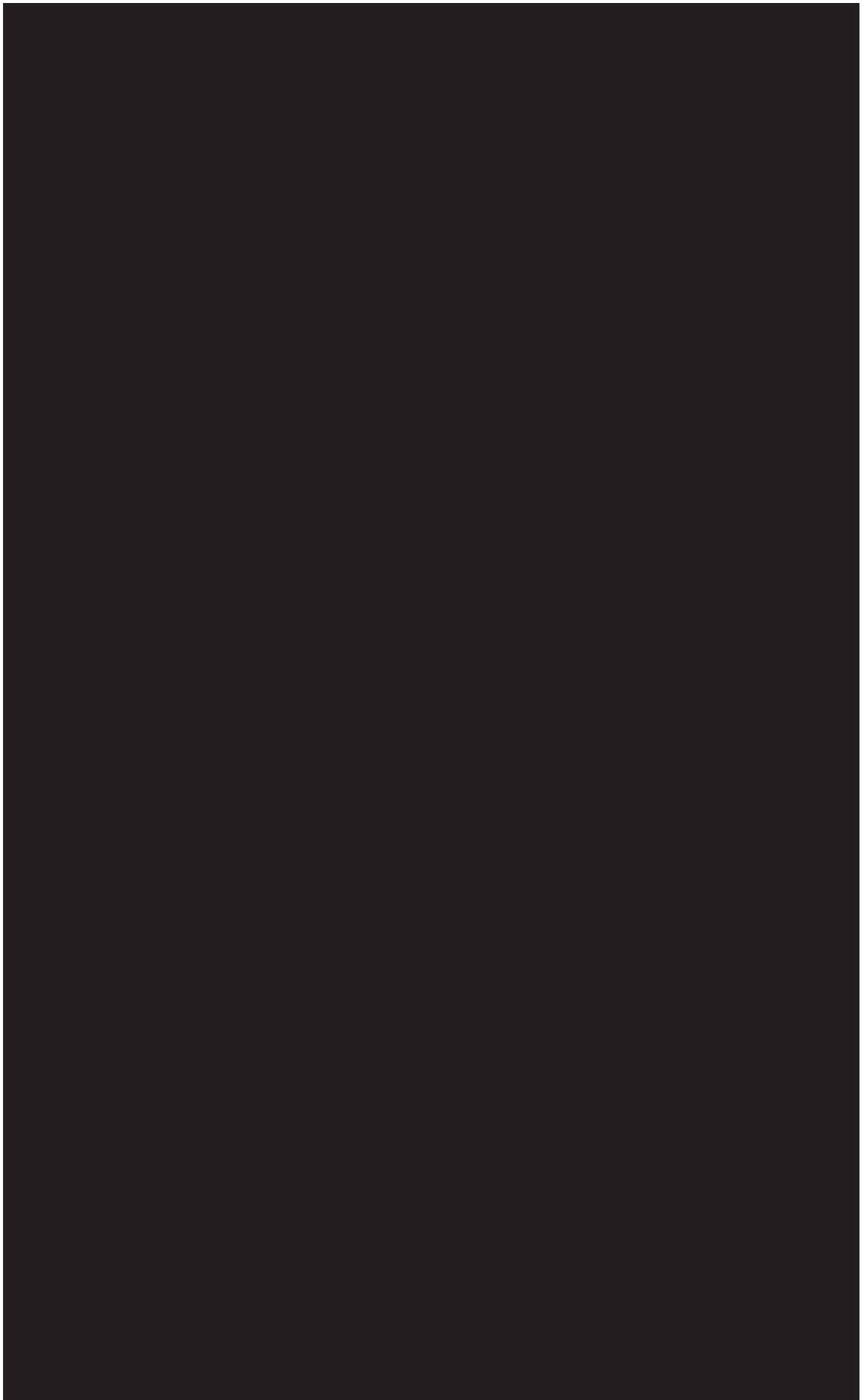
22 A. Correct. And we would collect information to  
23 justify the actual increase.

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23 Q. Okay. When you say SKUs, you are referring  
24 to the term S-K-U?

1 A. Yes.

2 Q. And that is a specific storekeeper unit?

3 A. Yeah. It's a unit of measure.

4 Q. So you are adding up all of the different  
5 sales of -- of different products that are all  
6 related to, say, hydrocodone --

7 A. Correct.

8 Q. -- as one family?

9 A. Yes.

10 Q. Oxycodone would be a separate family?

11 A. Yes.

12 Q. What other opioid families would there be?

13 A. On the opioid side, I'm not sure. Every  
14 specific chemical from a controlled substance  
15 perspective had its own family. I don't remember  
16 specifically which ones were opioids and which ones  
17 weren't.

18 Q. Would morphine be a different family for  
19 applying this standard operating procedure?

20 A. Yes, it would.

21 Q. How about fentanyl?

22 A. Yes, it would.

23 Q. We have identified four separate opioid  
24 families. Is it conceivable that a retail customer

1 of Anda would be able to buy 4999 units in each of  
2 those four separate policies before they had to worry  
3 about complying with this standard operating  
4 procedure?

5 MR. MATTHEWS: Objection.

6 PHONE: Objection.

7 THE WITNESS: Yeah, it was a different  
8 family.

9 THE VIDEOGRAPHER: The time is 12:04. We are  
10 going off the record.

11 (Recess from 12:04 until 12:10 p.m.)

12 (Anda - Cochrane Exhibit 14 was marked for  
13 identification.)

14 BY MR. NOVAK:

15 Q. Mr. Cochrane, the next topic I'm going to go  
16 into a little bit are some of the reports that were  
17 provided by Anda to the DEA.

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17 MR. MATTHEWS: So, for the record, I'll note  
18 my objection to using an electronic version of  
19 the copy what is produced on the record as an  
20 exhibit, but I assume that we're going to proceed  
21 along the same arrangement we have had with these  
22 kind of electronic documents that have been used  
23 at depositions previously.

24 MR. NOVAK: Yes.

1 MR. MATTHEWS: Okay. Thank you.

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Q. Okay. So there was an automated function in

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TPS that, on a monthly basis, would run the excessive

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reports that were then submitted to the Drug

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Enforcement Administration?

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MR. MATTHEWS: Objection.

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THE WITNESS: I don't think it was automated.

14

I think there were -- there was actual user

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function to create them --

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MR. NOVAK: Okay.

17

THE WITNESS: -- and generate them. It

18

wasn't just a standing auto-generated report.

19

There was a user interface to a certain extent.

20

BY MR. NOVAK:

21

Q. So there was someone at Anda who would

22

perform a query in the system that would generate the

23

report?

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A. Yes.

1 Q. And that query would be based upon a  
2 particular calculation of the customer's order that  
3 would determine that it was excessive?

4 A. Yes.

5 MR. MATTHEWS: Objection.

6 BY MR. NOVAK:

7 Q. But as to how that calculation was performed,  
8 you -- you don't know?

9 A. I don't remember, no.

10 Q. Okay. Do you have even a general  
11 understanding as to how it was calculated that you  
12 could provide?

13 A. On the Excessive Order Report, I don't -- I  
14 don't -- I really don't remember what the calculation  
15 was.

16 Q. Okay.

17 (Anda - Cochrane Exhibit 15 was marked for  
18 identification.)

19 BY MR. NOVAK:

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MS. RIGBERG: Is there a Bates Number for the document?

MR. NOVAK: Oh, thanks for reminding me when I forget. It was Anda MDL 13481 and 13482.

MS. RIGBERG: Thanks.

(Anda - Cochrane Exhibit 16 was marked for identification.)

BY MR. NOVAK:



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19 Q. Did Anda have in place in 2005 a suspicious  
20 order monitoring system?

21 MR. MATTHEWS: Objection.

22 THE WITNESS: We had a report that would --  
23 that we would generate, and if the customer  
24 ordered more than 5,000 dosage units, we reported

1           it to the local office as suspicious.

2       BY MR. NOVAK:

3           Q.    Okay.  Was there any analysis of those  
4       particular customer's orders as part of the  
5       evaluation as to whether it should be submitted to  
6       the DEA as a suspicious order?

7           MR. MATTHEWS:  Objection.

8           THE WITNESS:  Not that I recall.


9       BY MR. NOVAK:

10          Q.    Okay.

11                (Anda - Cochrane Exhibit 17 was marked for  
12       identification.)

13       BY MR. NOVAK:

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Q. Do you know if suspicious order reports in this format were sent to the DEA after August 5th of 2007?

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A. I don't remember specifically when we would have stopped sending these.

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Q. Okay.

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A. We -- we revamped the system and put the 5,000 dosage unit maximum from ordering perspective in place at that point after discussions with -- with DEA in 2007.

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19

Q. Okay. So when --

20

A. Prior -- the prior reporting criteria was if it exceeded 5,000 dosage units, we would report the order to them.

22

23

Q. Okay. And once you instituted the policy of restricting customers to 5,000 dosage units in July

24

1 of 2007, did that coincide with roughly the time that  
2 you stopped sending the suspicious order reports in  
3 this format?

4 MR. MATTHEWS: Objection.

5 THE WITNESS: I believe it would.

6 BY MR. NOVAK:

7 Q. Okay. And I'll represent to you this was the  
8 last one we were able to find --

9 A. Okay.

10 Q. -- in this format.

11 So when the format for reporting suspicious  
12 orders in this manner changed, what took its place?

13 A. The customer review process, the  
14 questionnaires going out, the approval process for  
15 more than 5,000 dosage units. We were capturing  
16 dispense data at that point from -- from customers.

17 A slew of things, I would say.

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13           Q.     Okay.  At some point in time did the  
14           regulatory compliance program at Anda determine that  
15           if they were going to report a suspicious order to  
16           the DEA, they had better not ship it?

17                     MR. MATTHEWS:  Objection.

18                     THE WITNESS:  I don't remember exactly when  
19           we instituted the no-ship policy.  I want to say  
20           it was sometime after 2010, potentially.

21           BY MR. NOVAK:

22           Q.     So what happened with suspicious orders  
23           between 2007 and 2010 when the no-ship policy was  
24           implemented?

1 MR. MATTHEWS: Objection.

2 THE WITNESS: We were doing a more robust  
3 review based on our communication and advice and  
4 suggestions from the local DEA people, the  
5 Washington DEA people, our meetings with them.

6 We worked together with them to develop a  
7 more robust review process of customers that we  
8 were selling to. We took their advice from a  
9 threshold standpoint. We did a different review  
10 process in the event they needed more than 5,000.

11 BY MR. NOVAK:

12 Q. In that answer, you stated: We took their  
13 advice from a threshold standpoint.

14 When you say their advice, do you mean the  
15 DEA?

16 A. I do. And the 5,000 dosage units on the  
17 families and how we were categorizing products as far  
18 as the families were concerned, the limits put in  
19 place, these were all things that were discussed with  
20 DEA.

21 Q. Now, in your view during that time period,  
22 would it be possible for a suspicious order to be  
23 placed by a customer with Anda that was less than  
24 5,000 units --

1 MR. MATTHEWS: Objection.

2 BY MR. NOVAK:

3 Q. -- of a particular control family?

4 MR. MATTHEWS: Objection.

5 THE WITNESS: I guess anything is possible.

6 BY MR. NOVAK:

7 Q. Did Anda have in place policies to restrict  
8 distribution of controlled substances other than what  
9 we were looking at in Standard Operating Procedure 28  
10 to suspend any orders of less than 5,000 units?

11 MR. MATTHEWS: Objection.

12 THE WITNESS: I do not believe we did, no.

13 MR. NOVAK: Okay. Why don't we stop there  
14 for lunch.

15 THE VIDEOGRAPHER: Off the record at 12:31.

16 (Recess from 12:31 until 1:39 p.m.)

17 THE VIDEOGRAPHER: We're now back on the  
18 record at 1:39.

19 BY MR. NOVAK:

20 Q. Mr. Cochrane, before I forget, are you  
21 related to the other Mr. Cochrane who's in Anda?

22 A. I am.

23 Q. Okay. Brother?

24 A. Yup. He's my older brother.



1 Q. Patrick?

2 A. That's right.

3 Q. Just so we're clear.

4 Earlier today in testimony, you indicated  
5 that one of the ways that you educated yourself on  
6 compliance issues was to attend industry seminars.

7 And some of those were HDMA seminars?

8 A. Yeah.

9 Q. By the way, did you participate on any HDMA  
10 committees?

11 A. I think I was on the DSCSA committee for  
12 federal pedigree and maybe regulatory affairs  
13 committee.

14 Q. Okay. What is it that the regulatory affairs  
15 committee did?

16 A. They have, I think, quarterly conference  
17 calls just regarding industry issues as far as  
18 regulation changes. A lot of it, I think, was really  
19 geared toward prescription drug pedigree because of  
20 counterfeit products that were potentially out in the  
21 marketplace and different states changing different  
22 regs as far as that's concerned.

23 (Anda - Cochrane Exhibit 18 was marked for  
24 identification.)

1 BY MR. NOVAK:

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So does that answer the question or --

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Q. If I understand your testimony correctly,

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it's that at this point in time Anda's process was to

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perform the evaluations of customer orders that

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exceeded 5,000 units of any particular controlled

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substance family and the processes that you have

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testified as it relates to that as Anda's method of

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addressing potentially suspicious orders.

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MR. MATTHEWS: Objection.

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BY MR. NOVAK:

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Q. Is that a fair characterization?

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MR. MATTHEWS: Objection.

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THE WITNESS: We were going after collecting

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information from a due diligence perspective on

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customers across the board, not only -- not

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only -- not the only ones that were ordering

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5,000 or more. If they needed 5,000 or more,

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it's definitely something that we addressed prior

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to increasing the limit.

22

But we had sent out questionnaires to our

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entire controlled substance customer base to

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gather information on them from a due diligence

1 perspective even if they were at 5,000 and not  
2 above that.

3 BY MR. NOVAK:

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7 Q. Was Anda performing site inspections of  
8 pharmacies at this time?

9 A. No.

10 Q. Had they incorporated into Standard Operating  
11 Procedure 28 the Google search as part of the steps  
12 that regulatory compliance personnel at Anda were  
13 required to perform?

14 A. I do not believe so.

15 Q. How about gathering information from the  
16 State?

17 A. We would gather State licensure as far as the  
18 customer was concerned that was issued by the State.

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19 BY MR. NOVAK:

20 Q. So for purposes of constructing and operating  
21 a suspicious order monitoring system program, how  
22 that was ultimately constructed to determine if an  
23 order was suspicious was up to you?

24 A. It was up to us as an organization, yes.

1 Q. Okay. That's all I have from that document.

2 (Anda - Cochrane Exhibit 19 was marked for  
3 identification.)

4 BY MR. NOVAK:

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20 MR. MATTHEWS: Objection.  
21 (Anda - Cochrane Exhibit 20 was marked for  
22 identification.)  
23 BY MR. NOVAK:

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MR. MATTHEWS: Objection.

4

THE WITNESS: I can't remember.

5

Department of Health definitely brought it up to

6

us. I just don't remember when.

7

BY MR. NOVAK:

8

Q. Okay. How about industry officials? Were

9

other folks in the industry warning that the next

10

area that we should be looking at in terms of

11

distribution of opioid products are these Internet

12

distributors?

13

A. Internet distributors?

14

Q. I'm sorry. Pain management clinics?

15

A. When you -- when you say "other officials" --

16

Q. Other folks in the industry. For example,

17

other members of the regulatory affairs committee

18

that you sat on.

19

A. I don't remember off the top of my head.

20

Q. Okay. Was Anda, in this fall of 2007 time

21

frame, evaluating whether it should be more

22

restrictive on its sales of opioid products to pain

23

management clinics?

24

MR. MATTHEWS: Objection.

1 THE WITNESS: I don't remember specifically  
2 back to 2007.

3 MR. NOVAK:

4 (Anda - Cochrane Exhibit 21 was marked for  
5 identification.)

6 BY MR. NOVAK:

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Q. Was Anda in the business in 2007 of selling



1 product to other wholesale distributors?

2 A. I believe so. I'm not sure when we cut off  
3 wholesalers and distributors.

4 Q. Okay.

5 A. It would have happened around the same time  
6 we did the physicians, so I just don't have a  
7 specific date. I'm going to assume yes back in 2007,  
8 but I don't remember.

9 Q. Okay. We can go later into what I think the  
10 date for that is.

11 A. Okay.

12 Q. But it's still a couple years out yet?

13 A. What's that?

14 Q. Well, we'll get there.

15 Now --

16 A. Well, I guess the answer is, yes, we were  
17 selling to distributors in 2007.

18 Q. Okay. How is it that you would have known  
19 that what they really wanted was hydrocodone?

20 A. Probably looking at the past purchasing  
21 history, but I'm not sure.

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19           Q.    Okay.  So as you have modified the policy  
20           coming out of the July 2007 meeting to restrict  
21           distribution for 5,000 units for any particular  
22           controlled substance, were there a lot of these  
23           requested modifications to increase the limits above  
24           5,000 by different customers?

1           A.     Yeah.  There were quite a few, I would say.

2           Q.     Particularly at the early onset of that  
3     change?

4           A.     Correct.  Eventually, it kind of dwindled  
5     down as we reviewed customers on a case by case  
6     basis.

7                     (Anda - Cochrane Exhibit 22 was marked for  
8     identification.)

9     BY MR. NOVAK:

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12           Q.    What evaluation did you perform for purposes  
13           of proposing that the threshold limits be increased  
14           to 200,000 dosage units per month for each of these  
15           different opioid classes?

16           A.    I would probably resort back to SOP  
17           Number 40.  It's not necessarily going to be dispense  
18           data from them since they are a distributor that's  
19           always selling to pharmacies and physicians but  
20           probably some kind of a sales history as far as what  
21           products they were distributing and the quantities.

22           Q.    Okay.  But it would not evaluate who they  
23           were selling the product to?

24           A.    No.

1 Q. Okay. Because they were another distributor?

2 A. Correct.

3 Q. Okay. And would that similarly have been the  
4 case in your evaluation of the immediately prior one  
5 that we looked at, FMC?

6 A. Yes.

7 MR. MATTHEWS: Objection.

8 BY MR. NOVAK:

9 Q. Similarly, you would not have reviewed who  
10 FMC was selling to?

11 A. No. Other distributors aren't going to share  
12 information as far as their customer base is  
13 concerned.

14 Q. Okay.

15 (Anda - Cochrane Exhibit 23 was marked for  
16 identification.)

17 BY MR. NOVAK:

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Q. Do you recall ever reporting New Choice

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Pharmacy as having placed suspicious orders with

8

Anda?

9

A. No.

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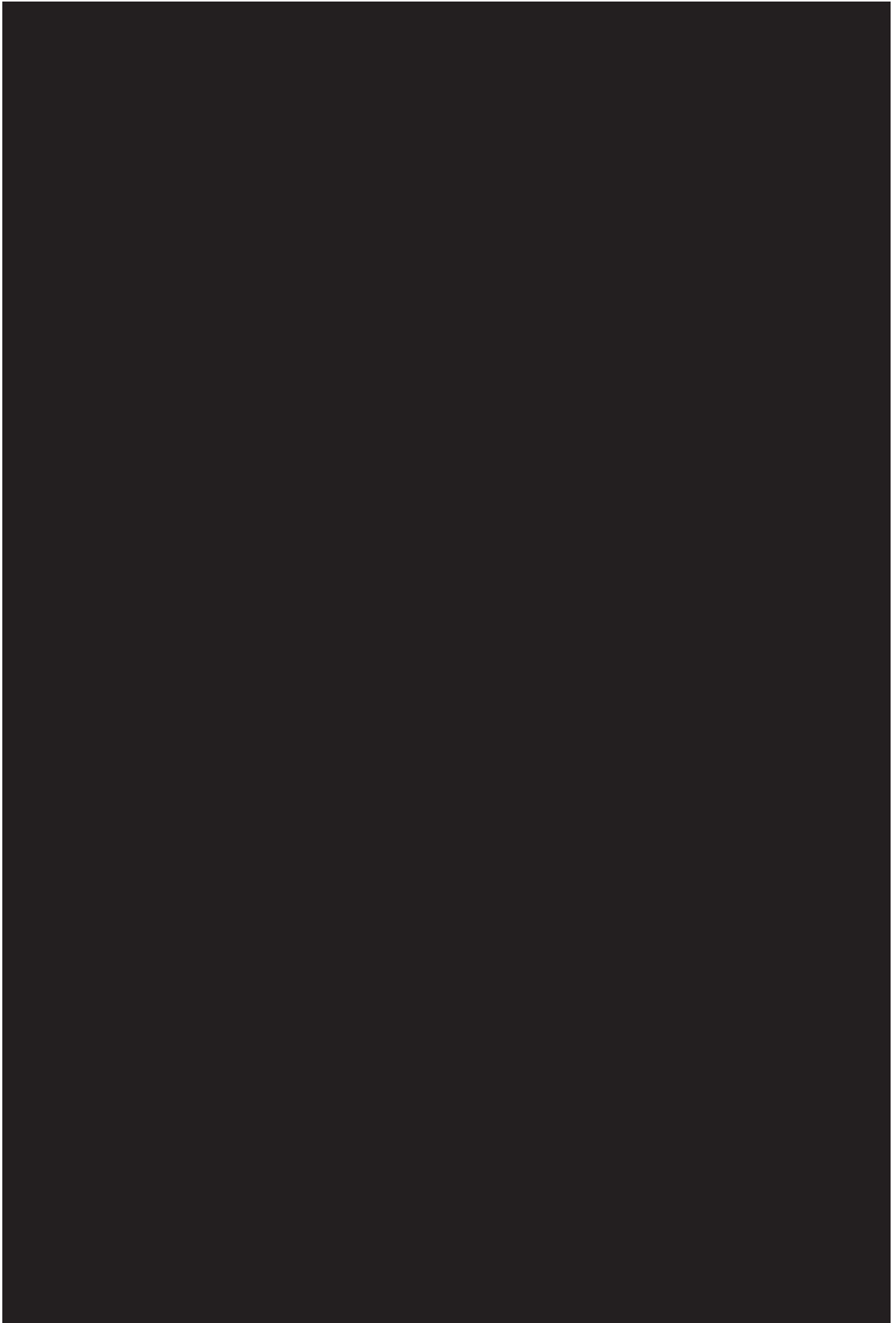
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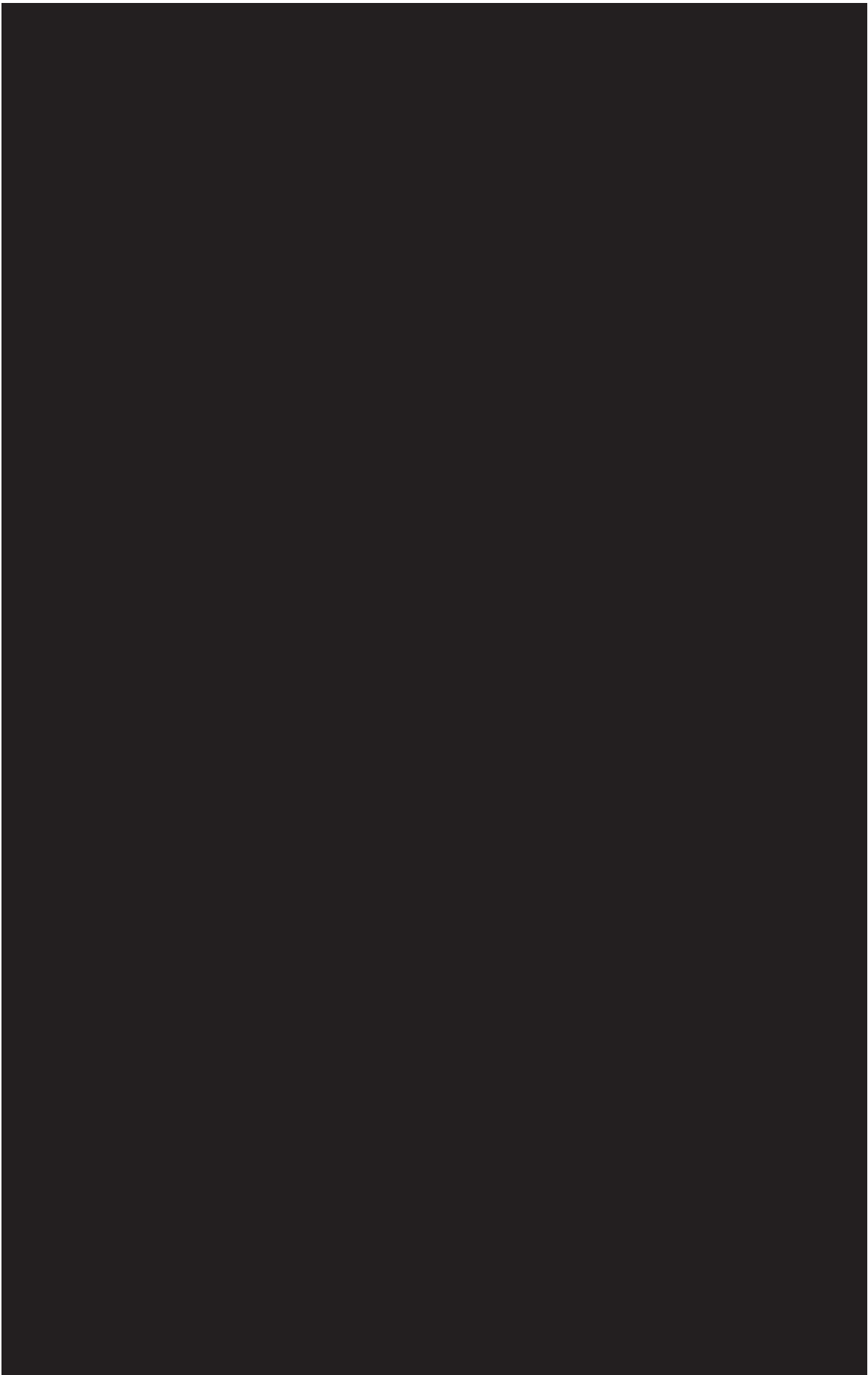
1       identification.)

2       BY MR. NOVAK:

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23 (Anda - Cochrane Exhibit 25 was marked for  
24 identification.)

1 BY MR. NOVAK:

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11 Q. Now, from the time that the old reporting  
12 format of sending suspicious order reports to the DEA  
13 from Jay Spellman had ended in September of -- in  
14 August or September of 2008, there had not been any  
15 actual suspicious order reports submitted by Anda to  
16 the DEA between then and April of '08, correct?

17 A. Correct.

18 Q. That question -- it's been pointed out to me,  
19 when I said the Jay Spellman reports, I need to  
20 clarify this. I think I said August or September of  
21 '08. They actually stopped in August or September of  
22 '07.

23 Is that what you understood?

24 A. Yeah.

1 Q. Okay. So between that time and April of  
2 2008, no suspicious order reports have been submitted  
3 to the DEA?

4 A. Correct.

5 Q. And it is your view that there were no  
6 suspicious orders that had been placed with Anda  
7 during that time period?

8 A. Yes.

9 Q. And just so we're on the same wavelength for  
10 purposes of that answer, when you say yes, you mean  
11 that your view is that no suspicious orders had been  
12 placed with Anda between August of 2007 and  
13 April 2008?

14 A. Yes.

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Q. By the way, do you recall this process of

4

going back and forth on trying to figure this out,

5

back from this time period in 2008?

6

A. Vaguely.

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(Anda - Cochrane Exhibit 26 was marked for

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identification.)

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BY MR. NOVAK:

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2 BY MR. NOVAK:

3 Q. Okay. At this point in time, had Anda  
4 developed the alternative criteria that it would use  
5 to determine what type of suspicious order should be  
6 reported to DEA?

7 MR. MATTHEWS: Objection.

8 THE WITNESS: I don't remember.

9 BY MR. NOVAK:

10 Q. Okay.

11 (Anda - Cochrane Exhibit 27 was marked for  
12 identification.)

13 BY MR. NOVAK:

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6 Q. So you still had not made arrangements with  
7 John Bossert at DEA as it related to the submission  
8 of the daily transactional information that had been  
9 discussed in July of '07?

10 A. Correct.

11 Q. And --

12 A. I think Tracey had multiple calls in to him,  
13 though, that were talked about in the previous  
14 e-mails.

15 Q. Right. Okay.

16 MR. NOVAK: A quick five-minute break.

17 THE VIDEOGRAPHER: Off the record at 2:52.

18 (Recess from 2:52 until 3:06 p.m.)

19 THE VIDEOGRAPHER: The time is 3:06 p.m. We  
20 are now back on the video record.

21 BY MR. NOVAK:

22 Q. Mr. Cochrane, we had been speaking about  
23 development of alternative criteria for a suspicious  
24 order monitoring system.

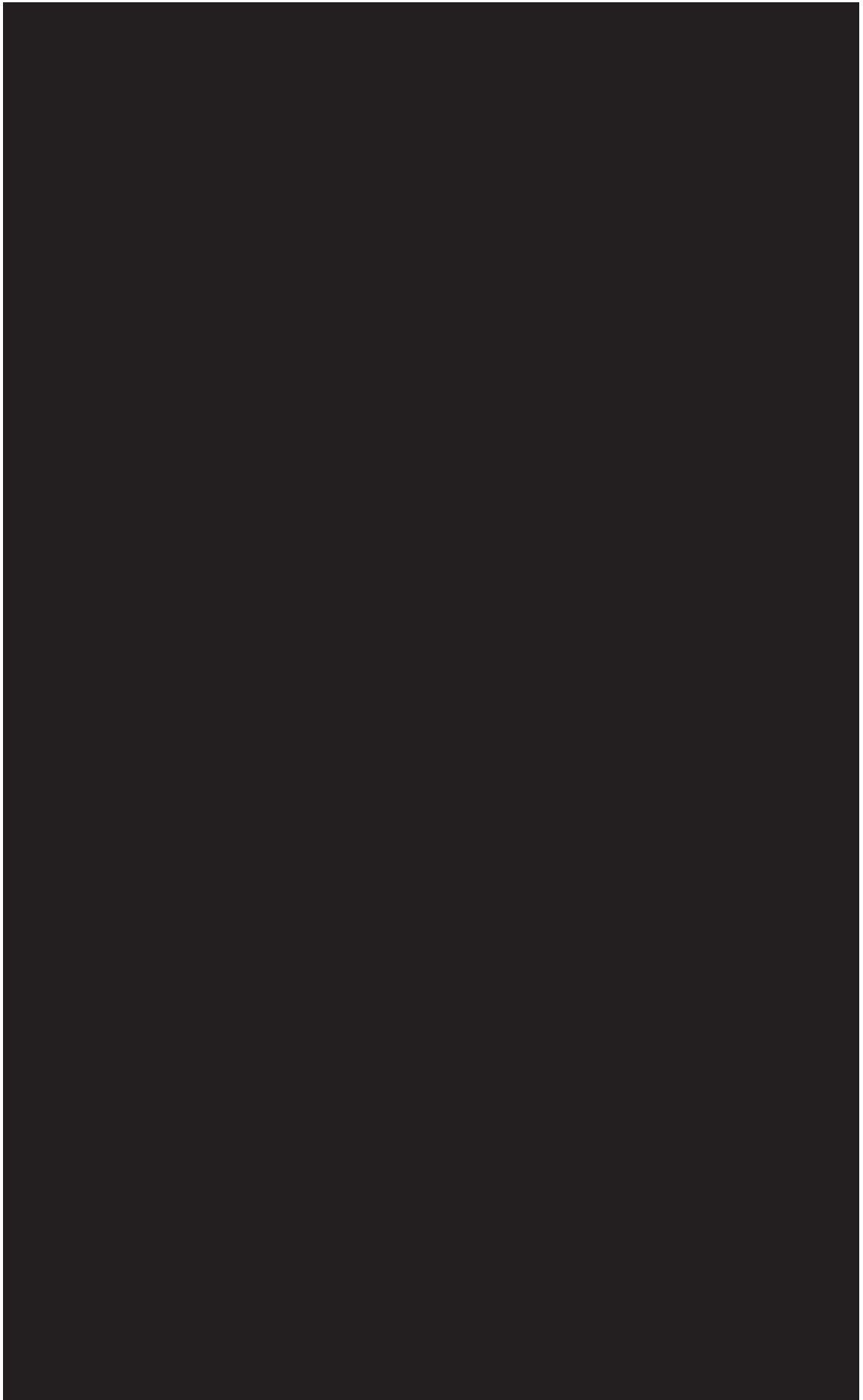
1 (Anda - Cochrane Exhibit 28 was marked for  
2 identification.)

3 BY MR. NOVAK:

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3 BY MR. NOVAK:

4 Q. Okay. And the whole purpose of creating this  
5 is to create some type of system that would detect  
6 orders that require additional review to determine  
7 whether they are suspicious under the applicable  
8 regulatory requirements or whether they can be  
9 shipped?

10 A. Yes.

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21           Q.     Okay.  Now, from the period of August of 2007  
22           when the old method of reporting suspicious orders to  
23           the DEA through the monthly Spellman submissions had  
24           ceased, had Anda reported any suspicious orders?

1           A.     I do not believe so.

2           Q.     Okay.  And the company was evaluating what  
3           criteria would appropriately be employed to identify  
4           suspicious orders?

5           A.     From a systematic approach, yes.

6           Q.     And had been evaluating that issue from  
7           September of '07 through June of 2010?

8           A.     Yes, in addition to our due diligence,  
9           customer questionnaire, dispense data, correct.

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16           MR. MATTHEWS:  Objection.

17                   I'm going to ask the witness again just to  
18           pause between the question and your answer to  
19           give me an opportunity to pose an objection.

20           Thank you.

21           MR. NOVAK:  If it assists, I can ask the  
22           court reporter to put the objection in before his  
23           "yes."

24           MR. MATTHEWS:  Let the record reflect who

1           made that suggestion. I was -- it's Mr. Novak,  
2           counsel for the plaintiffs and the deposing  
3           lawyer at this time, not Mr. Matthews for the  
4           defendant.

5                   MR. NOVAK: Just trying to help.

6                   I'm also just going to state for the record  
7           that -- well, and this is really more for  
8           purposes of cross-referencing the depositions.

9                   (Anda - Cochrane Exhibit 30 was marked for  
10          identification.)

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(Anda - Cochrane Exhibit 31 was marked for  
identification.)

BY MR. NOVAK:



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Q. One method would be to compare the order based upon what that specific customer has averaged on a monthly basis; the second would be comparing the order against what the customer's average order is; and the third would be comparing it to all the different customers in the same class of trade, correct?

16

A. Yes.

17

Q. Okay. Were all of those different methods of evaluating orders things that Anda was evaluating for purposes of trying to create a -- a new suspicious order monitoring system?

21

A. Yes.

22

Q. Okay. And during this time, June -- or, I'm sorry, October of 2011, the existing system that is in place for performing due diligence on any orders

1       that are received by Anda for controlled substances  
2       is the 5,000 per unit threshold method that Anda  
3       developed back in August of 2007?

4               MR. MATTHEWS:  Objection.

5               THE WITNESS:  I don't think so.  At this  
6       point in time, I think we had dropped the limits  
7       to 1,000 dosage units.

8       BY MR. NOVAK:

9               Q.     Okay.

10              A.     Since we're in late 2011.

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1 Q. Prior to December of 2011?

2 A. Yes.

3 Q. Okay. Would that be reflected in an actual  
4 modification of the written standard operating  
5 procedure that we had reviewed that was -- that you  
6 created in August of 2007?

7 MR. MATTHEWS: Objection.

8 THE WITNESS: I'm not sure.

9 BY MR. NOVAK:

10 Q. Okay. And maybe this is a good point to talk  
11 about more generally how these different standard  
12 operating procedures are modified.

13 Are all of the modifications that are made to  
14 procedures during the time that you performed your  
15 responsibilities at Anda modifications that are made  
16 in writing?

17 A. I can't recall if we documented the changes  
18 to any of the procedures.

19 Q. Okay. The review process for modification of  
20 standard operating procedures typically will include,  
21 as part of the modified procedure, dates for when  
22 they are reviewed and dates for when they are  
23 revised, correct?

24 MR. MATTHEWS: Objection.

1 THE WITNESS: Correct.

2 BY MR. NOVAK:

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20 Q. Okay. So the company had -- and when you say  
21 the previous Version 40, you are referring to Anda  
22 Deposition Exhibit 8?

23 A. Yes.

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BY MR. NOVAK:

Q. Okay. Now, that new method uses a different procedure to identify whether a particular order should be held by Anda and investigated further before it's released to the customer, correct?

A. Yes.

MR. MATTHEWS: Are you done with 31?

MR. NOVAK: Yes.

(Anda - Cochrane Exhibit 32 was marked for identification.)

BY MR. NOVAK:



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7 Q. Okay. If you were attempting to find the  
8 version of standard operating procedure that was  
9 created and in effect in December of 2011, where  
10 would you look if you were still at the company?

11 A. I'm not sure. I think there was a shared  
12 drive that all of us had access to where we would  
13 keep up-to-date documents.

14 Q. And would that shared drive also keep prior  
15 iterations of those documents if they had been  
16 modified over time?

17 A. I'm not sure.

18

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24 Q. Would you be able to determine when those new

1 obligations were placed into Standard Operating  
2 Procedure 28 by -- by going to the shared drive that  
3 you're referencing and looking at the different  
4 versions?

5 A. I'm not sure.

6 Q. Okay. Who would know the answer to that at  
7 Anda as of the time that you had left?

8 A. I'm not sure. I would have to say Robert  
9 Brown, potentially; Emily Schultz. I really don't  
10 know.

11 Q. Okay. Going back to Anda - Cochrane  
12 Deposition Exhibit Number 31, this reflects some  
13 testing of a method for identifying orders that would  
14 be held to determine whether they were suspicious or  
15 not, correct?

16 A. Yes.

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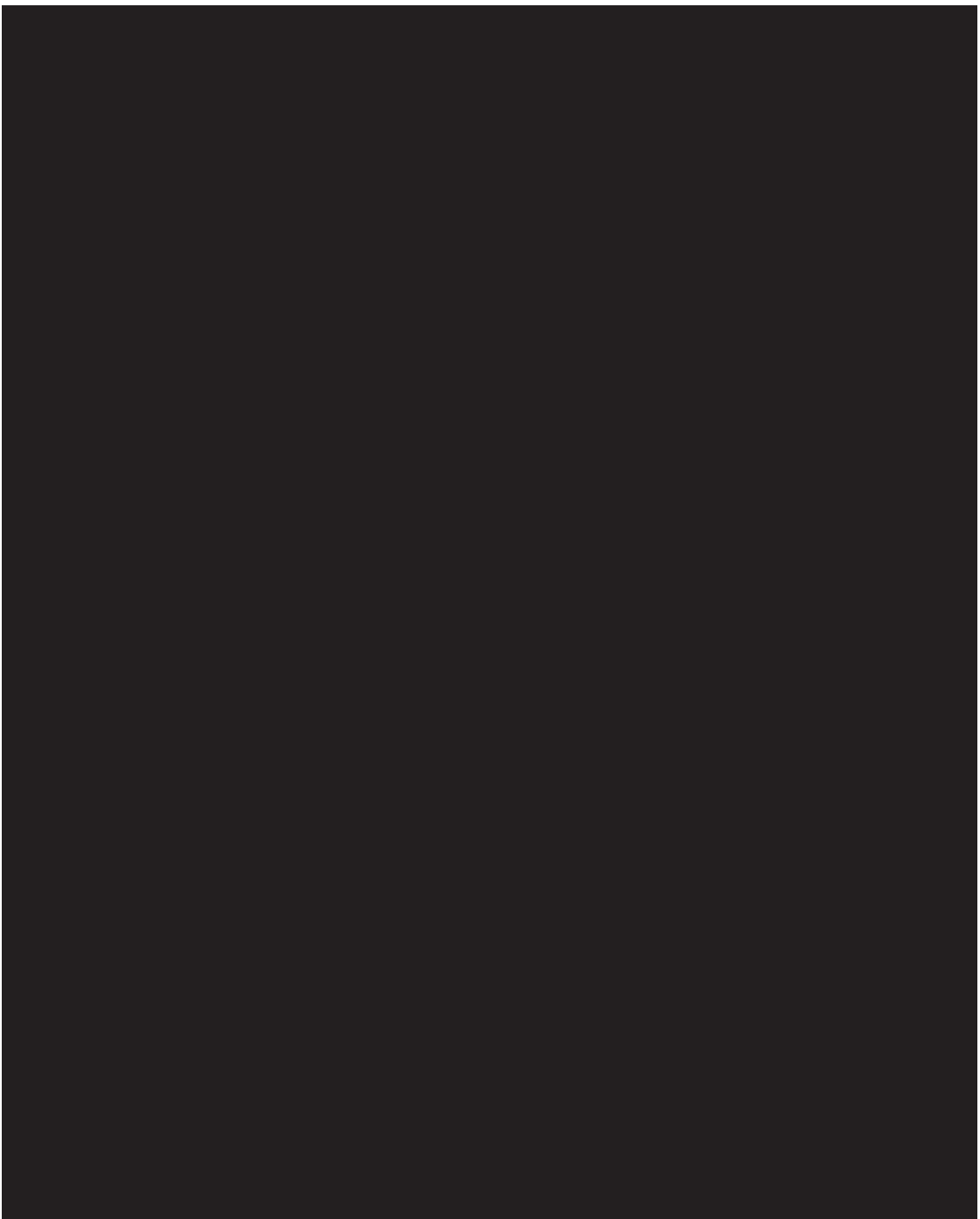




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19 BY MR. NOVAK:

20 Q. Okay. You think that the threshold had  
21 switched from 5,000 down to 1,000?

22 A. At some point in time, yes, it did.

23 Q. And when that switch was made, was there also  
24 a multiplier that was selected to evaluate orders

1       that come in?

2                   MR. MATTHEWS:  Objection.

3                   THE WITNESS:  I don't remember.

4       BY MR. NOVAK:

5           Q.     Okay.  Is the system that was put in place to  
6       evaluate orders that replaced the 5,000 unit process  
7       that you created in August of 2007 contained anywhere  
8       in writing?

9           A.     I'm not sure.

10          Q.     Okay.  Can you describe for me the  
11       circumstances that resulted in the initial threshold  
12       of 5,000 control units per controlled substance  
13       family being lowered to 1,000 units?

14          A.     I believe that was the outcome of an  
15       inspection by DEA in our Weston location from some  
16       point in 2010 when I was out of the office on a  
17       medical leave.

18          Q.     Okay.  So there was a point in time in 2010  
19       where DEA officials came in and performed an  
20       inspection of Anda's distribution center in Weston?

21          A.     Yes.

22          Q.     And they indicated that they were no longer  
23       comfortable with a 5,000 unit per family threshold?

24                   MR. MATTHEWS:  Objection.

1 THE WITNESS: I'm not sure. I wasn't there  
2 for that. I was out of the office --

3 MR. NOVAK: Okay.

4 THE WITNESS: -- for several months at that  
5 point.

6 BY MR. NOVAK:

7 Q. I don't want to get into the personal  
8 details, but there was an issue that had you take  
9 a -- a leave of absence or otherwise not perform your  
10 functions for a period of time at the company?

11 A. Correct.

12 Q. Okay. And that was from when to when?

13 A. I do not remember the exact dates. It was  
14 several months towards the end of 2010 though.

15 Q. Okay. And during that time period, who was  
16 it who filled in for the performance of your  
17 responsibilities at the company?

18 A. It was a joint effort between Emily Schultz,  
19 Patrick Cochrane, Jay Spellman, and Albert  
20 Paonessa, III.

21 Q. Okay. How many months, roughly, was it?

22 A. I'm not sure. I believe it was at least  
23 three.

24 Q. Okay.

1 A. I don't remember, though.

2 Q. And did you work part time during that time  
3 period, or were you out altogether?

4 A. Altogether.

5 Q. Okay. Now, at some point in time, a new  
6 suspicious order monitoring system was implemented by  
7 Anda, correct?

8 A. Yes.

9 Q. And the effect of that new system was to  
10 identify orders that would be held for additional  
11 review to determine whether they were suspicious and  
12 should thus be reported to the DEA?

13 MR. MATTHEWS: Objection.

14 THE WITNESS: Yes.

15 BY MR. NOVAK:

16 Q. Let me go through a few documents to develop  
17 an understanding as to how they would relate to that  
18 system of identifying orders and determining whether  
19 they should be reported as suspicious.

20 (Anda - Cochrane Exhibit 33 was marked for  
21 identification.)

22 BY MR. NOVAK:

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6 Q. Why would it be that the primary dispense  
7 products of alprazolam, carisoprodol, and hydrocodone  
8 could lead you to the conclusion that you should deny  
9 sales of controlled substances to this customer?

10 A. Because that was their top products. No  
11 regular noncontrolled prescription drugs, as far as  
12 their data was concerned, were -- were in their -- in  
13 their top products.

14 Q. Okay.

15 A. They were all controlled substances for the  
16 most part, or at least these specific ones.

17 Q. And the fact that these were the top products  
18 was a red flag for you to make a decision that this  
19 is a customer that would be a risky one to sell  
20 product -- controlled substance products to?

21 A. Yes.

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10 BY MR. NOVAK:

11 Q. Okay. Is this the type of customer that  
12 would have been reported by Anda to the DEA in 2010?

13 MR. MATTHEWS: Objection.

14 THE WITNESS: I'm not sure if we were  
15 reporting customers that we were denying business  
16 to.

17 MR. NOVAK: Okay.

18 THE WITNESS: I think that started at a later  
19 date.

20 BY MR. NOVAK:

21 Q. So the mere fact that this company was asking  
22 for the opportunity to purchase controlled substances  
23 would not have resulted in you reporting them to the  
24 DEA as suspicious in December of 2010?

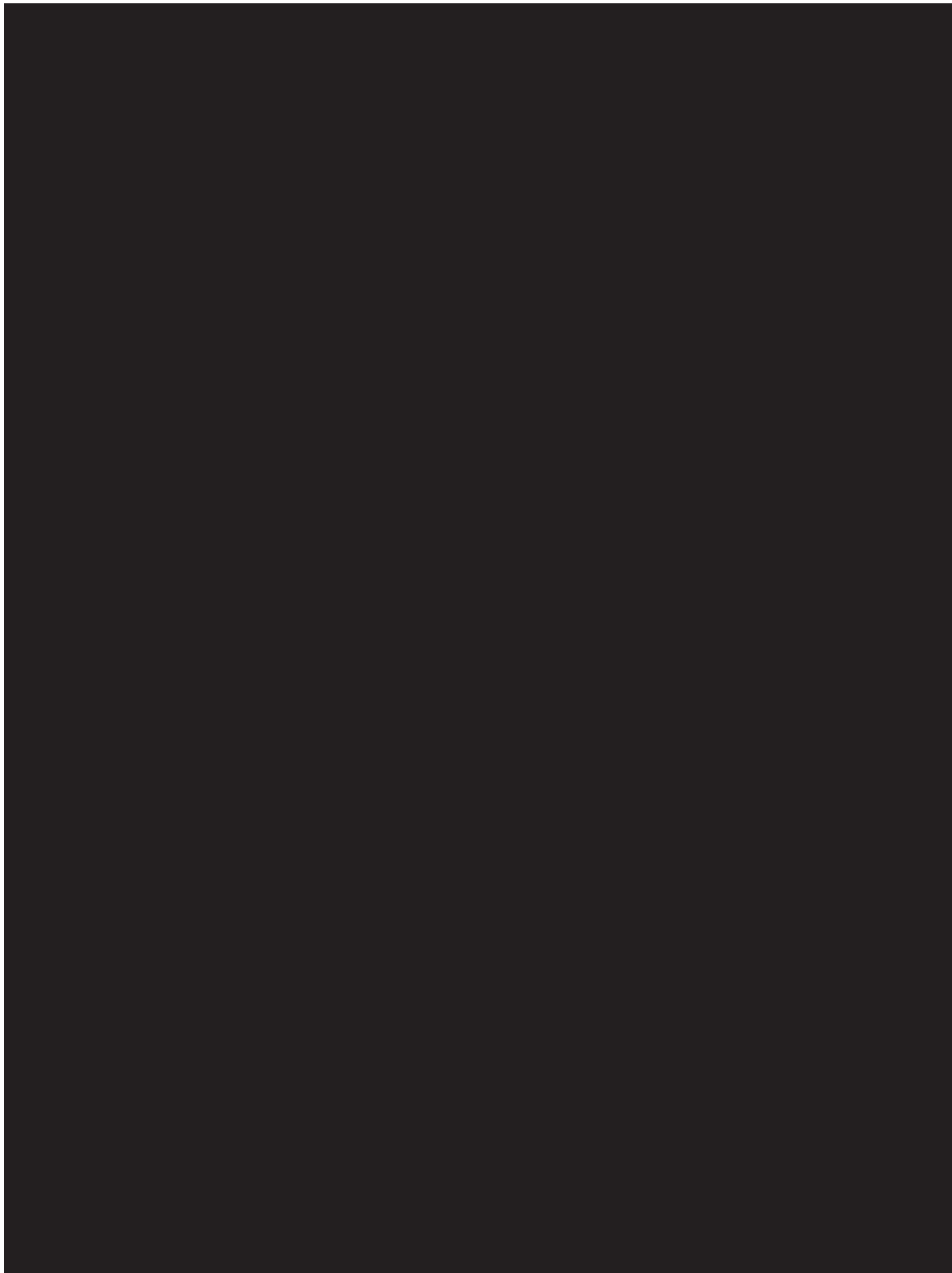


1           A.     I do not believe so.

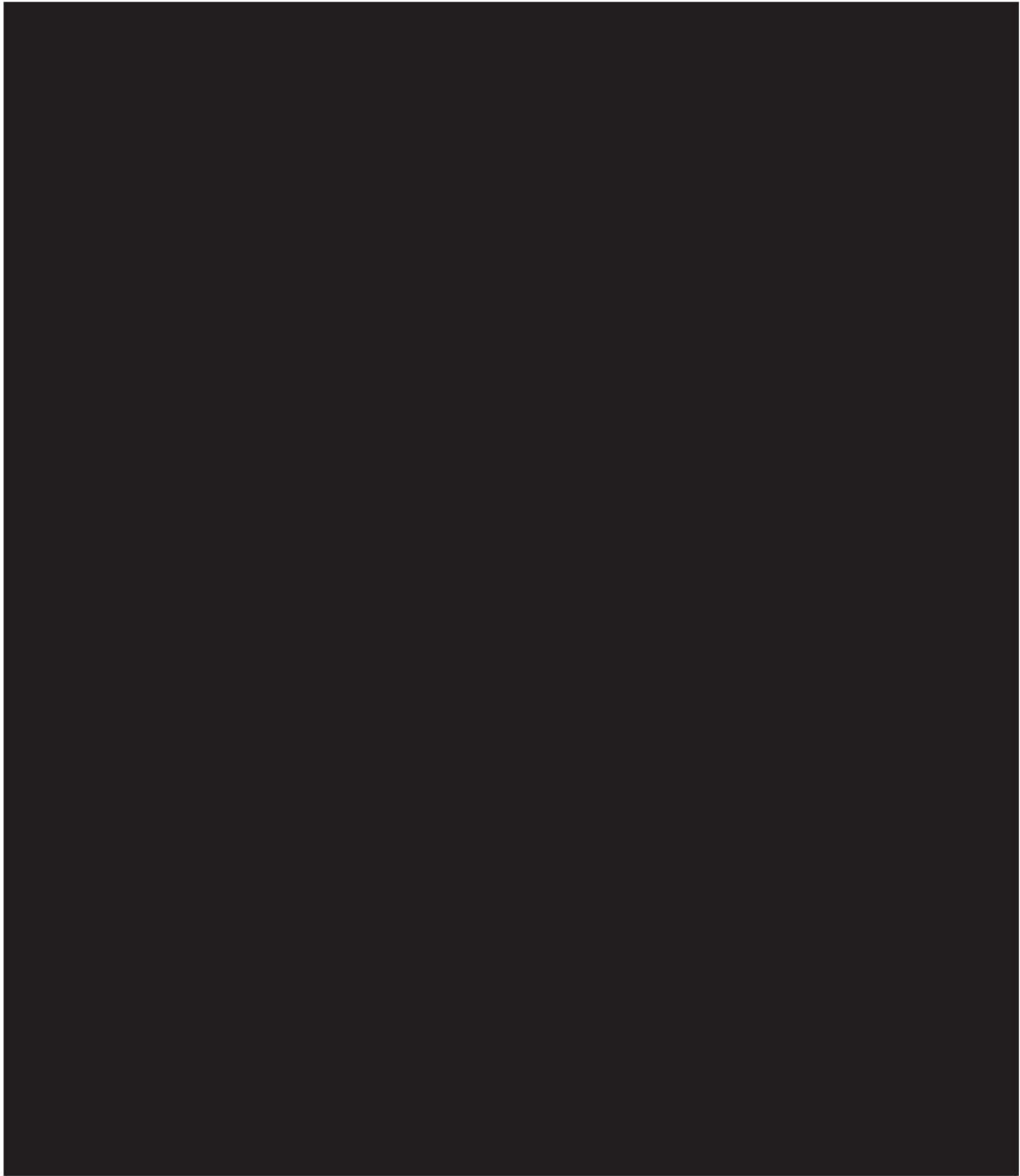
2                   (Anda - Cochrane Exhibit 34 was marked for  
3     identification.)

4     BY MR. NOVAK:

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18           Q.     Okay.  And as a result --  
19                   MS. RIGBERG:  Do you have the Bates?  Sorry.  
20                   MR. NOVAK:  What?  
21                   MR. MATTHEWS:  She wants the Bates Number.  
22                   MR. NOVAK:  Oh, I'm sorry.  The Bates  
23           Number for Anda Exhibit 34 is 70701 through --  
24           and 2.

1 MS. RIGBERG: Thank you.

2 BY MR. NOVAK:

3 Q. Do you know if this customer was reported as  
4 having submitted a suspicious order?

5 A. I'm not sure.

6 (Anda - Cochrane Exhibit 35 was marked for  
7 identification.)

8 BY MR. NOVAK:

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21 Q. Okay. And Howard Davis at this point in time  
22 was the regulatory compliance manager for Anda?

23 MR. MATTHEWS: Objection.

24 THE WITNESS: I can't remember what his title

1           was. I think he was a director of compliance.

2       BY MR. NOVAK:

3           Q.    Okay. He reported to you?

4           A.    Yes.

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Q. Okay.

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A. He was a retired DEA agent that was a  
diversion program manager.

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Q. Mr. Davis was?

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A. He was, yes.

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1 Susan Langston and Gayle Lane knew him  
2 personally when he was part of the DEA and knew that  
3 he was working with us. If it was reported, I don't  
4 know that there's any record of it in writing.  
5 That's not to say that he didn't make a phone call  
6 and reach out to Gayle or someone at the local office  
7 and let them know. I don't remember.

8 Q. Okay. You don't know, sitting here today,  
9 whether Pile Drug Store was reported by Anda to the  
10 DEA, correct?

11 A. I don't know.

12 Q. All right.

13 MR. MATTHEWS: There's somebody on the phone  
14 who is rustling papers and making banging noises.  
15 Could you please mute your phone so that we can  
16 hear here at the deposition? Thank you.

17 (Anda - Cochrane Exhibit 36 was marked for  
18 identification.)

19 BY MR. NOVAK:

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Q. Okay. Do you know if there was a submission

7

of a Suspicious Order Report as it relates to

8

Trillion Enterprises in Pinellas Park, Florida?

9

A. No, I don't.

10

(Anda - Cochrane Exhibit 37 was marked for

11

identification.)

12

BY MR. NOVAK:

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Q. Okay.

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MR. NOVAK: Let's take a break.

11

THE VIDEOGRAPHER: Off the record at 4:15.

12

(Recess from 4:15 until 4:35 p.m.)

13

THE VIDEOGRAPHER: The time is 4:35. We are

14

now back on the record.

15

BY MR. NOVAK:

16

Q. Mr. Cochrane, are you familiar with a

17

customer of Anda during your time there known as Lake

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Erie Medical?

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A. It sounds familiar.

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(Anda - Cochrane Exhibit 38 was marked for

21

identification.)

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BY MR. NOVAK:

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2 BY MR. NOVAK:

3 Q. Okay. You mentioned a repackager. How do  
4 you evaluate a repackager customer of Anda's to  
5 determine whether they are engaging in appropriate  
6 distribution of the product to make you feel  
7 comfortable selling opioids to them?

8 A. At that point in time, we probably had all  
9 their policies and procedures on hand as part of the  
10 due diligence packet of information that we would  
11 have gathered from them since they weren't, you know,  
12 our typical pharmacy customer, so to speak. They  
13 were a distributor or a repackager.

14 Q. You wouldn't have dispensing data for a  
15 repackager, correct?

16 A. No, I don't think we would.

17 Q. Would you have any identification of who  
18 their customers were?

19 A. I'm not sure if we did or not.

20 Q. Okay. Typically, for a repackager, would you  
21 obtain that type of information?

22 A. We may have requested it, but most of the  
23 distributor/repackager customers couldn't divulge  
24 that information. It's trade secret and proprietary

1 to their business. If we requested it, I'm not sure  
2 we received it or not.

3 (Anda - Cochrane Exhibit 39 was marked for  
4 identification.)

5 BY MR. NOVAK:

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(Anda - Cochrane Exhibit 40 was marked for  
identification.)

BY MR. NOVAK:





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BY MR. NOVAK:

Q. Did you continue to increase the limits for  
Lake Erie after that?

A. I'm not sure.

MS. RIGBERG: What was the Bates Number on  
that Document 40 -- Exhibit 40?

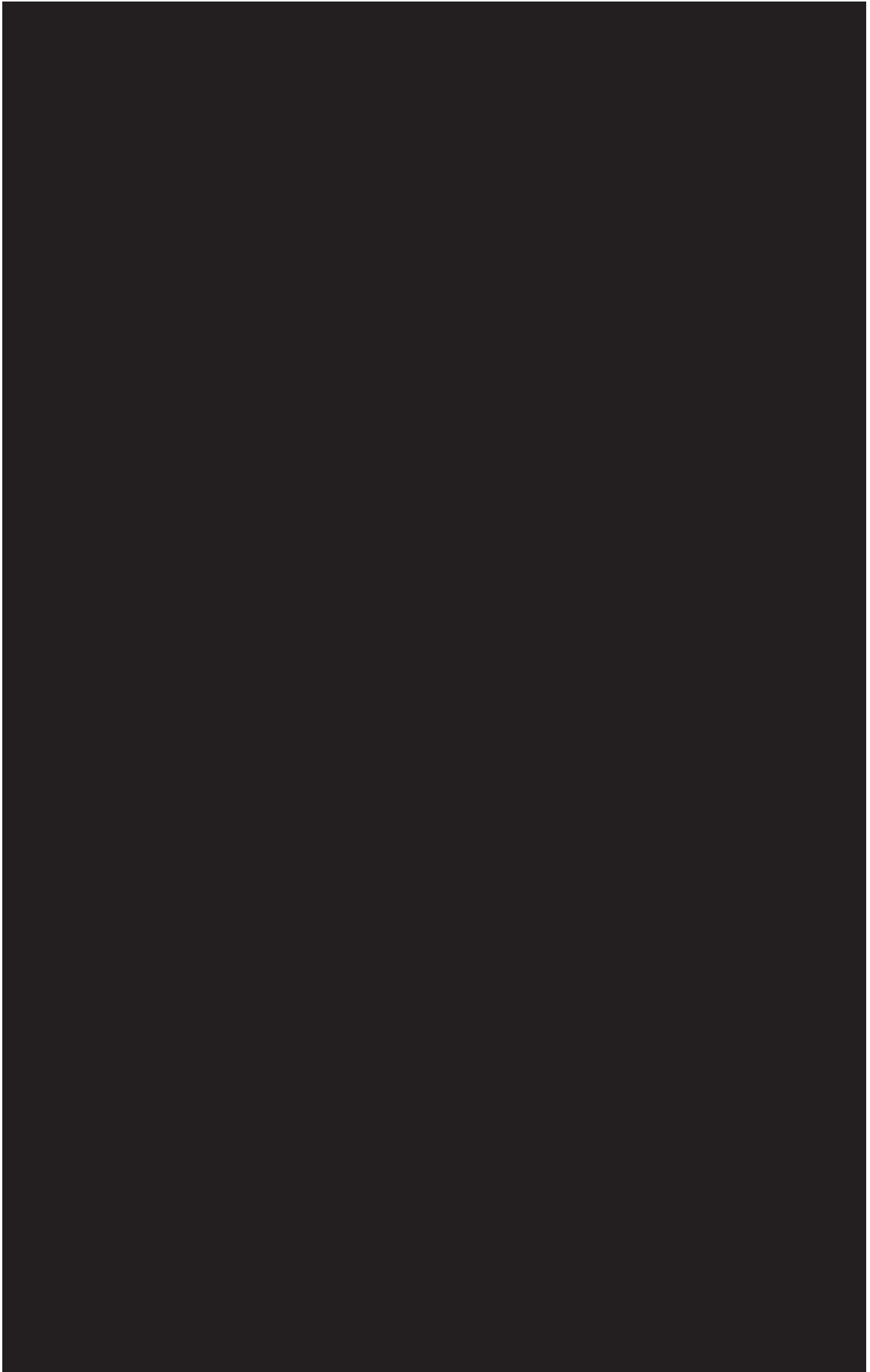
MR. NOVAK: I'm sorry. It was Anda 273585.  
And thanks for catching me on that.

MS. RIGBERG: No problem.  
(Anda - Cochrane Exhibit 41 was marked for  
identification.)

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1 BY MR. NOVAK:

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15 (Anda - Cochrane Exhibit 42 was marked for  
16 identification.)

17 BY MR. NOVAK:

18 Q. Now, we've had marked Anda - Cochrane  
19 Deposition Exhibit 42, which is a --

20 MS. RIGBERG: Sorry. One sec. We need the  
21 Bates for 41.

22 MR. NOVAK: Oh, did I skip that one, too?

23 I'm sorry. It was Anda 79605 and 606.

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1 BY MR. NOVAK:

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Q. Okay. During the time that you served in



1       your compliance role at Anda, did the company have a  
2       change in policy as to selling controlled substances  
3       to repackagers?

4           A.     Yes.   At some point we discontinued sales to  
5       distributors and repackagers with apparently the  
6       exception of two.

7           Q.     Okay.   And why was it you changed your policy  
8       as it related to selling controlled substances to  
9       repackagers?

10          A.     It coincided with us discontinuing sales to  
11       physicians in the years prior and not wanting the  
12       distributor or repackager customer base touching  
13       physicians that we potentially weren't going to  
14       distribute to.

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24                   MR. MATTHEWS:   Objection.   Asked and

1           answered. Clearly argumentative.

2           Go ahead.

3           You've asked all about the thresholds that  
4           existed at a variety of periods of time. You  
5           spent hours. We're at 5:04 p.m. in the  
6           afternoon. The only reason to ask that question  
7           at this time is because you want to badger the  
8           witness about what he's testified about this  
9           morning.

10           MR. NOVAK: James, that -- it's -- that's in  
11           violation of the Court's speaking objection. If  
12           you think the record is clear as to what  
13           thresholds exists at different points in time,  
14           feel free to enlighten me as to where in the  
15           earlier portion of the deposition that statement  
16           was made.

17           MR. MATTHEWS: Thirty minutes ago, he  
18           testified as of 2011 the baseline limit was 1,000  
19           units per dosage per product family per month.  
20           Thirty minutes ago. He probably testified about  
21           seven times over the course of this day.

22           So don't lecture me about whether the record  
23           is clear or not. You know, I'm trying to be  
24           patient here. It is 5:04 p.m. You -- you know,

1           are wearing out the witness, and you are asking  
2           questions that were answered for no other reason  
3           than to create the impression -- you know, to  
4           badger this witness about this particular line of  
5           questions about this particular client.

6                     You don't need to ask it. We are wasting  
7           time. Let's move on.

8       BY MR. NOVAK:

9           Q.    Is it your testimony, Mr. Cochrane, that as  
10           of this time in 2011 that the threshold control limit  
11           for Anda customers is 1,000 units per controlled  
12           substance family?

13           A.    Yes. At some point in 2010, we dropped the  
14           limits to 1,000 dosage units for new customers that  
15           were opening an account with Anda.

16           Q.    Can you give a general description of what  
17           the process is to submit an order for a customer of  
18           Anda's to the company?

19           A.    There were numerous ways orders could be  
20           submitted. Some used our online ordering system. We  
21           had sales reps that received inbound phone calls. We  
22           had customers that were using the CSOS platform for  
23           the electronic ordering of controlled substances in  
24           the Schedule II form. Sales reps could key orders

1 based on phone conversations with customers. They  
2 could either be inbound or outbound.

3 I believe we had some orders that came  
4 through EDI, depending on the size of the customer  
5 and what their business primarily focused on. I  
6 think some of the stuff that was EDI may have been  
7 chain-oriented for some of our larger customer  
8 groups.

9 That's pretty much all I can think of right  
10 now.

11 Q. Okay. And which of those different orders  
12 does -- did Anda apply its process for or -- or its  
13 suspicious order monitoring system to in order to  
14 evaluate whether they were suspicious orders?

15 MR. MATTHEWS: Objection.

16 THE WITNESS: All of them. All of the orders  
17 funneled into one main warehouse operating  
18 system.

19 BY MR. NOVAK:

20 Q. Is that after the orders were placed into  
21 TPS?

22 A. Correct.

23 Q. Okay.

24 (Anda - Cochrane Exhibit 45 was marked for

1 identification.)

2 BY MR. NOVAK:

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7 Who is Jerry Cazzell?

8 A. Jerry Cazzell was the VP of IT.

9 MR. NOVAK: I misspoke. This is Anda -  
10 Cochrane Exhibit 45?

11 THE COURT REPORTER: It's 45.

12 MR. NOVAK: Okay. 45.

13 MS. RIGBERG: Bates Number, please.

14 MR. NOVAK: Anda 155184.

15 BY MR. NOVAK:

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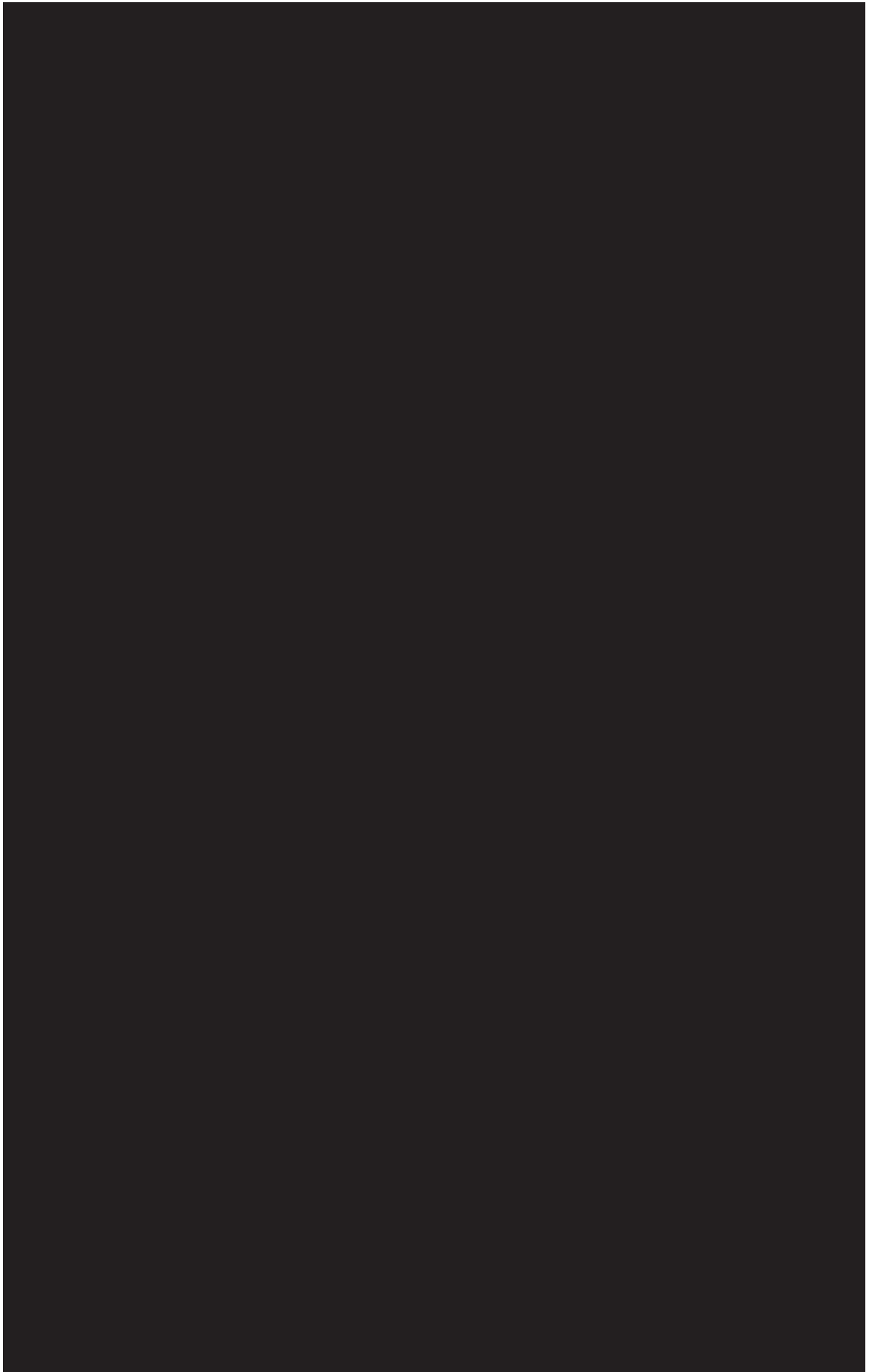
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7 Q. Okay. Is -- are there instances after an  
8 order has been received in CSOS where they are not  
9 placed into TPS to be processed?

10 A. Not that I'm aware of.

11 Q. Okay. How about orders that come in in the  
12 other methods that you referenced an answer or two  
13 ago? Say, for example, a telephonic order that comes  
14 in to one of the sales representatives. Are all of  
15 those orders placed into TPS?

16 MR. MATTHEWS: Objection.

17 THE WITNESS: I'm not sure. I would assume.

18 BY MR. NOVAK:

19 Q. Okay. Are there instances where orders are  
20 not placed into TPS because they exceed a control  
21 limit?

22 A. There's a -- I believe there's a hard stop on  
23 the limit where it won't let them place the order.

24 Q. Okay. So in those instances, an order would

1 be received by a customer but they would be unable to  
2 place it into the TPS system?

3 MR. MATTHEWS: Objection.

4 THE WITNESS: I'm not sure. I believe it  
5 would go into the TPS system, but it would zero  
6 the line out or give them whatever allocation  
7 they had left against their monthly limit.

8 BY MR. NOVAK:

9 Q. In those instances where it is zeroed out,  
10 what does that mean?

11 A. It means it just didn't go through the  
12 allocation process to relieve inventory, but there's  
13 a record of the order coming in is what I believe to  
14 have -- is what I believe to happen.

15 Q. Okay. At that point, is an order that is  
16 zeroed out evaluated by the company's suspicious  
17 order monitoring system?

18 A. I believe they were, because the hold process  
19 was prior to inventory allocation. So whether or not  
20 the line item was going to ship, if it came in and  
21 was keyed, it should have gone on hold. And all that  
22 happened before the inventory allocation process is  
23 what I believe to -- is what I believe -- is what I  
24 think how the system worked.



1 Q. Okay.

2 A. Since they put -- we were put on hold before  
3 allocation, it didn't relieve inventory. But you  
4 would have to ask an IT person.

5 Q. Okay. Have you heard the term "the bucket"  
6 as it relates to the performance of the  
7 responsibilities in the compliance department at  
8 Anda?

9 A. Yeah, I do believe I have heard of that.

10 Q. Okay. And what does that mean to you?

11 A. There were several types of different hold  
12 statuses in our system. Our bucket was just a  
13 different type of a hold in the system, meaning  
14 orders that were up for review were placed in a  
15 bucket, so to speak.

16 Q. And how does an order get placed in the  
17 bucket?

18 MR. MATTHEWS: I'm sorry, were you finished  
19 with your answer? It was not clear to me you  
20 were finished with your answer.

21 THE WITNESS: The system -- the specific  
22 things that we've programmed into the system  
23 warrant whether or not it would go on our hold --  
24 in our hold bucket. Our hold bucket was the last

1           one before allocation.

2                   I believe there was a user hold bucket where  
3           a sales rep could have an order that's pending  
4           and he's waiting for a response from a customer.  
5           There was a credit hold bucket, so to speak,  
6           where if customers had specific credit issues,  
7           they go into the credit hold bucket. And so on.

8                   I don't remember specifically how many there  
9           were, what all their titles were, but we had one,  
10          and it was our bucket, so to speak, from a hold  
11          standpoint. The last things that goes through  
12          from a checks and blanks thing were -- was our  
13          bucket in the hierarchy of the orders being held.

14       BY MR. NOVAK:

15           Q.     Okay. If I understand that correctly, what  
16          you're suggesting is there is almost a sequence --

17           A.     Yes, they have a sequence.

18           Q.     -- of buckets that an order will go through  
19          prior to being filled by the company?

20           A.     Yes, I believe that's how it worked.

21           Q.     And the last bucket in the sequence is the  
22          allocation bucket where inventory is drawn down to  
23          fill the order?

24           A.     Yes.

1           Q.    Okay.  The bucket before that is your bucket  
2           that relates to whether the order passes under the  
3           company's suspicious order monitoring system?

4           A.    I believe so.

5           Q.    Okay.  Before that, there are also buckets  
6           related to credit and buckets related to sales?

7           A.    Yeah.  I believe those -- I believe a rep  
8           could put an order on hold if he was waiting for a  
9           response from a customer.

10          Q.    Okay.  And is it possible that some orders  
11          never get to the compliance evaluation process that  
12          is in the suspicious order monitoring system because  
13          they have been stopped in the sales bucket or in the  
14          credit bucket?

15          A.    I guess there's a potential for that.

16          Q.    Okay.  Do you know if those orders are ever  
17          evaluated for a determination as to whether they are  
18          suspicious?

19               MR. MATTHEWS:  Objection.

20               THE WITNESS:  No, I don't.

21               THE VIDEOGRAPHER:  The time is 5:19 p.m.  We  
22          are going off the record.

23               (Recess from 5:18 until 5:32 p.m.)

24               (Anda - Cochrane Exhibit 46 was marked for

1 identification.)

2 THE VIDEOGRAPHER: Time is 5:32 p.m. We are  
3 now back on the record.

4 BY MR. NOVAK:

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(Anda - Cochrane Exhibit 47 was marked for

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identification.)

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BY MR. NOVAK:

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(Anda - Cochrane Exhibit 48 was marked for

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identification.)

1 BY MR. NOVAK:

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18 Q. Okay. Were you involved in hiring Howard  
19 Davis?

20 A. Yes.

21 Q. How long was he at Anda?

22 A. I don't remember. Approximately three  
23 months, maybe.

24 Q. Okay. What were the circumstances

1 surrounding his departure?

2 A. Howard, even though he had multiple years of  
3 experience and was a diversion program manager at one  
4 point for four different states, he had zero to add  
5 to the program that we had put together from a  
6 suspicious orders system as far as due diligence was  
7 concerned. One of his responses to Al and I were --  
8 was that he is baffled that DEA is even breathing  
9 down our neck I think is the words -- are the words  
10 that we used with all that we have in place right now  
11 and what we're doing.

12 From a contribution standpoint, there was  
13 really no value there.

14 Q. Was he ultimately terminated by the company?

15 A. Yes.

16 MR. MATTHEWS: Can I ask a question? Is this  
17 one exhibit or two exhibits?

18 MR. NOVAK: One.

19 MS. RIGBERG: Could we please get that Bates  
20 Number?

21 MR. NOVAK: Yes. The last one was Anda 82872  
22 through 82874.

23 MS. RIGBERG: Thank you.

24 (Anda - Cochrane Exhibit 49 was marked for

1 identification.)

2 BY MR. NOVAK:

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16 MR. NOVAK: I should have noted that it bears

17 the Anda MDL Bates Number 133111 through 113.

18 BY MR. NOVAK:

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5 Q. Okay. And was it in response to the DEA's  
6 letter of violation to Anda that the -- the 5,000  
7 threshold was lowered to 1,000?

8 MR. MATTHEWS: Objection.

9 THE WITNESS: I don't know if it was -- it  
10 may be in this response, but it was done prior to  
11 us receiving this letter that came, I think,  
12 approximately 17 months after the inspection.

13 BY MR. NOVAK:

14 Q. That's all I have on that exhibit.

15 Now, it was a while ago, but do you recall  
16 from this morning's testimony you had identified that  
17 pain management clinics were one of the next  
18 frontiers that the DEA was warning about in 2007 at  
19 the HDMA and industry conferences?

20 MR. MATTHEWS: Objection.

21 THE WITNESS: I don't specifically remember  
22 that from this morning but -- is there an exhibit  
23 or -- yeah, the HDMA memo?

24 MR. NOVAK: Yes.

1 THE WITNESS: Yes.

2 BY MR. NOVAK:

3 Q. When did Anda make a determination to reduce  
4 its sales to pain management clinics?

5 MR. MATTHEWS: Objection.

6 THE WITNESS: I'm not sure. I think it was  
7 in 2008, 2009. I can't remember the exact year.

8 (Anda - Cochrane Exhibit 50 was marked for  
9 identification.)

10 BY MR. NOVAK:

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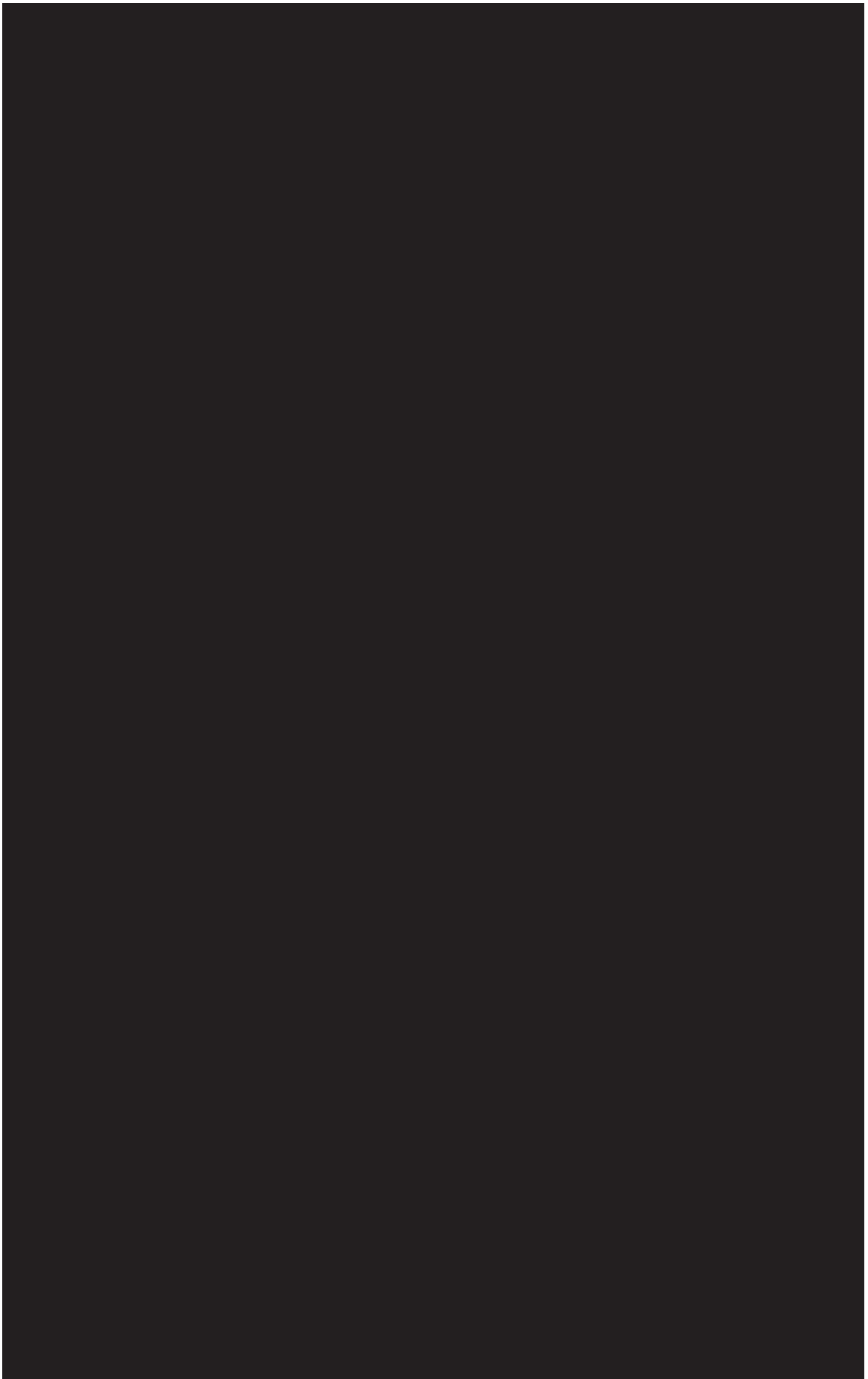
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(Anda - Cochrane Exhibit 51 was marked for  
identification.)

BY MR. NOVAK:



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9 Q. And distributors.

10 Was there discussion in the meetings that

11 Anda held with the DEA in or about this June of 2010

12 time frame regarding the discontinuation of those

13 sales?

14 A. Yes. We made DEA aware of what we were doing  
15 before we did it.

16 Q. When you say you made DEA aware of it, had  
17 DEA representatives expressed their concern about the  
18 volume of Anda sales to pain management clinics,  
19 physicians, and distributors?

20 A. At that point in time, I do not believe they  
21 did.

22 Q. Okay. But they did just shut off your  
23 customer, Harvard Drug Group?

24 MR. MATTHEWS: Objection.

1 THE WITNESS: Yes.

2 BY MR. NOVAK:

3 Q. Two days before?

4 MR. MATTHEWS: Objection.

5 THE WITNESS: Yes.

6 BY MR. NOVAK:

7 Q. In your discussions with Al Paonessa and  
8 Patrick Cochrane, is one of the factors that was  
9 discussed -- was one of factors that was discussed  
10 that motivated your suggestion that all of these  
11 different customers be terminated that you didn't  
12 want the DEA to present a similar enforcement action  
13 against Anda to the one that they had just brought  
14 against Harvard Drug Group?

15 MR. MATTHEWS: Objection.

16 THE WITNESS: More than likely, yes.

17 BY MR. NOVAK:

18 Q. And so you quickly moved, within two days, to  
19 cut off all of those customers?

20 MR. MATTHEWS: Objection.

21 THE WITNESS: Correct.

22 MR. NOVAK: I'm going to take a quick break.

23 THE VIDEOGRAPHER: Off the record at

24 6:00 p.m.

1 (Recess from 6:00 until 6:14 p.m.)

2 (Anda - Cochrane Exhibit 52 was marked for  
3 identification.)

4 THE VIDEOGRAPHER: The time is 6:14. We're  
5 now back on the record.

6 BY MR. NOVAK:

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14 (Anda - Cochrane Exhibit 53 was marked for  
15 identification.)

16 BY MR. NOVAK:

17 Q. We've next had marked Anda - Cochrane  
18 Exhibit 53.

19 A. Just one second.

20 Q. Uh-huh.

21 A. Back to the -- the previous exhibit.

22 I think I misspoke earlier on orders coming  
23 in through all of the different mechanisms as far as  
24 order entry is concerned, whether they be electronic

1 or sales reps phoning, you know, taking phone orders.  
2 There was a hard stop where the system wouldn't allow  
3 you to key something that was going to go over the  
4 5,000, and it wouldn't allow you to key the order.

5 Q. Okay.

6 A. And just another point of clarity is CII  
7 orders were never keyed by sales reps. Those were  
8 either done through CSOS or through a triplicate 222  
9 form that the customer would mail in that would then  
10 be processed by distribution personnel that had  
11 access to the CIIs that were in the vault. And those  
12 orders were specifically keyed by administrative  
13 assistants that had access to enter a CII order. The  
14 sales reps don't and never had access to that.

15 Q. Okay. What you are providing clarification  
16 on is some of your earlier testimony --

17 A. Yes.

18 Q. -- as it relates to the submission of orders  
19 and the manner in which those orders are placed into  
20 TPS?

21 A. Yes.

22 Q. Okay.

23 A. There would be a hard stop on -- before an  
24 order could get into the system if it exceeded the

1       number of dosage units that were allowed for that  
2       customer.

3           Q.     Okay.  So in those instances where there is a  
4       hard stop --

5           A.     Yes.

6           Q.     -- is the order allowed to be placed into the  
7       TPS system?

8           A.     No, I don't believe it was.

9           Q.     Okay.  And if it is not placed into the TPS  
10       system, would it be flagged as a -- under the  
11       company's operation of its suspicious order  
12       monitoring system?

13          A.     No.

14          Q.     Okay.  So to the extent an Anda customer  
15       submitted an order that was stopped by virtue of the  
16       hard stop --

17          A.     Yes.

18          Q.     -- that you have identified, it would never  
19       be flagged for reporting as a suspicious order to the  
20       DEA?

21                   MR. MATTHEWS:  Objection.

22                   THE WITNESS:  I don't think so, no.

23                   Sorry.

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8 BY MR. NOVAK:

9 Q. Is it your position that there was not a  
10 single suspicious order submitted to Anda by one of  
11 its customers during that time period that Anda  
12 detected?

13 MR. MATTHEWS: Objection.

14 THE WITNESS: Yes.

15 BY MR. NOVAK:

16 Q. Now, you had been working on some alternative  
17 methods of identifying suspicious orders still into  
18 2012, correct?

19 MR. MATTHEWS: Objection.

20 THE WITNESS: We had a system in place prior  
21 to 2012 as far as customer due diligence and  
22 order monitoring was concerned that was in place.  
23 I can't remember the date. We talked about the  
24 testing of a system in 2011, I believe, where

1 orders were flagged; they would go on hold. We  
2 talked about our bucket. That was prior to 2012.

3 BY MR. NOVAK:

4 Q. During the time that Anda was owned by Watson  
5 or Actavis, was it involved in the launch of branded  
6 products by those companies?

7 MR. MATTHEWS: Objection.

8 THE WITNESS: I can't remember the specific  
9 branded product launches that we did for Watson  
10 or Actavis.

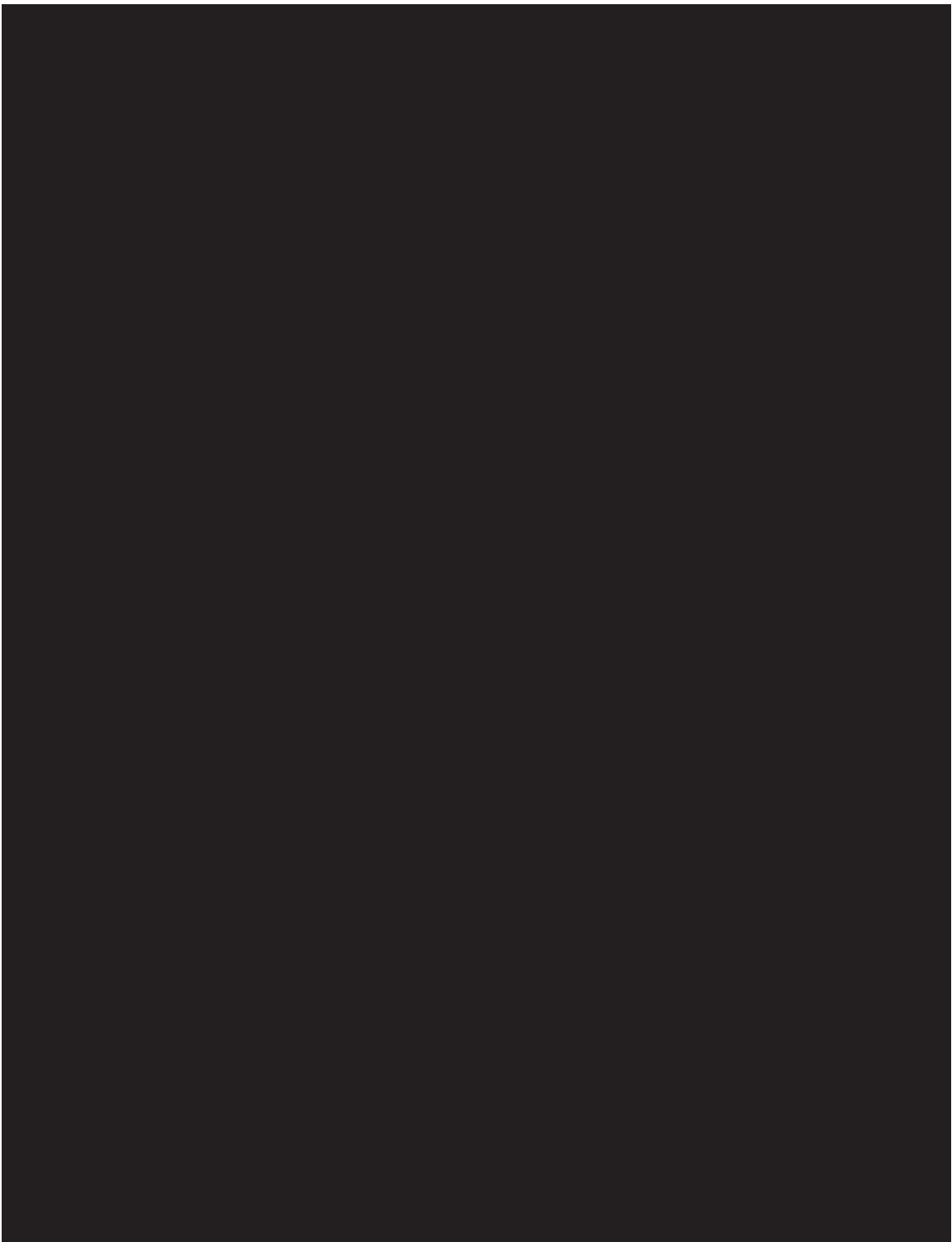
11 (Anda - Cochrane Exhibit 54 was marked for  
12 identification.)

13 BY MR. NOVAK:

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20 BY MR. NOVAK:

21 Q. Okay. Are there any particular pricing  
22 advantages that you are aware of that Anda would be  
23 able to extend for products by the company that owns  
24 Anda that it wouldn't be able to extend for other

1 companies' opioid products?

2 MR. MATTHEWS: Objection. Foundation.

3 THE WITNESS: I was never involved in the  
4 pricing of products or anything of that nature.

5 I have no idea.

6 BY MR. NOVAK:

7 Q. Okay. How about the rebates? Are they any  
8 different from a branded product that is marketed by  
9 Actavis as opposed to some other manufacturer that  
10 doesn't own Anda?

11 MR. MATTHEWS: Objection; foundation.

12 THE WITNESS: I have no idea.

13 MR. NOVAK: Okay. Bear with me for a second.

14 MR. MATTHEWS: Take your time.

15 BY MR. NOVAK:

16 Q. Mr. Cochrane, when you perform a review of  
17 particular retailers and their orders of controlled  
18 substances, does the size of the retailer ever factor  
19 into your analysis as to whether the order should be  
20 filled?

21 MR. MATTHEWS: Objection.

22 THE WITNESS: No, not that I can remember.

23 (Anda - Cochrane Exhibit 55 was marked for  
24 identification.)

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Q. Okay.

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(Anda - Cochrane Exhibit 56 was marked for

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identification.)

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BY MR. NOVAK:

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22 BY MR. NOVAK:

23 Q. Okay. And at this time in 2012, you could  
24 authorize a multiple of that initial 1,000 unit

1 dosage after they had an established track record?

2 A. We could, yeah, after we had done a review of  
3 them and received dispense data on them on an ongoing  
4 basis, yeah.

5 Q. Okay. Was there any multiple that the  
6 company used of the average monthly purchases by a  
7 company in 2012 before it would trigger a hold on the  
8 order as a suspicious order?

9 MR. MATTHEWS: Objection.

10 BY MR. NOVAK:

11 Q. Or a potentially suspicious order?

12 MR. MATTHEWS: Objection.

13 THE WITNESS: I believe there was, yeah. I  
14 don't remember off the top of my head what it  
15 was, though.

16 BY MR. NOVAK:

17 Q. You don't know what the multiple number was?

18 A. Correct.

19 Q. Was it a fixed number?

20 A. Yes.

21 Q. Okay. Do you know if it was a multiple of  
22 eight?

23 A. Not sure.

24 Q. Okay. Was there a point in time when Anda

1 applied a multiple of eight to the average monthly  
2 order before it would hold an order for a customer?

3 MR. MATTHEWS: Objection.

4 THE WITNESS: Possibly.

5 BY MR. NOVAK:

6 Q. Okay. Do you know how the eight times  
7 multiplier was selected by Anda?

8 A. No.

9 MR. MATTHEWS: Objection.

10 THE WITNESS: Don't remember.

11 BY MR. NOVAK:

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Q. Has Anda ever communicated to the DEA that it

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used an eight times multiplier in its Standard

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Operating Procedure 40 for purposes of implementing a

6

suspicious order monitoring system?

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MR. MATTHEWS: Objection.

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THE WITNESS: I'm not sure, but I would

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assume that it was communicated.

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BY MR. NOVAK:

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Q. Who typically would have communicated those

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items to the company?

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A. Oh, it could have been a number of people.

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It could have been me; it could have been Robert

15

Brown; it could have been -- depending on when it

16

was, it could have been Howard Davis; Emily Schultz.

17

(Anda - Cochrane Exhibit 57 was marked for

18

identification.)

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BY MR. NOVAK:

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Q. We have had marked as Anda - Cochrane 57 a

21

document that was previously marked as Anda - Brown

22

Exhibit 10 during the deposition of Robert Brown.

23

First let me ask: Was there a point in time

24

of which you are aware where Anda contracted with

1       Buzzeo to perform a suspicious order monitoring  
2       system assessment on behalf of the company?

3           A.     Yes.

4                   MR. MATTHEWS:  Objection.

5       BY MR. NOVAK:

6           Q.     And were you one of the individuals at Anda  
7       who was interviewed by Buzzeo for purposes of their  
8       performance of that suspicious order monitoring  
9       assessment?

10          A.     Yeah, but I don't know if I was present for  
11       the whole -- the whole meeting when they were here.

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1 BY MR. NOVAK:

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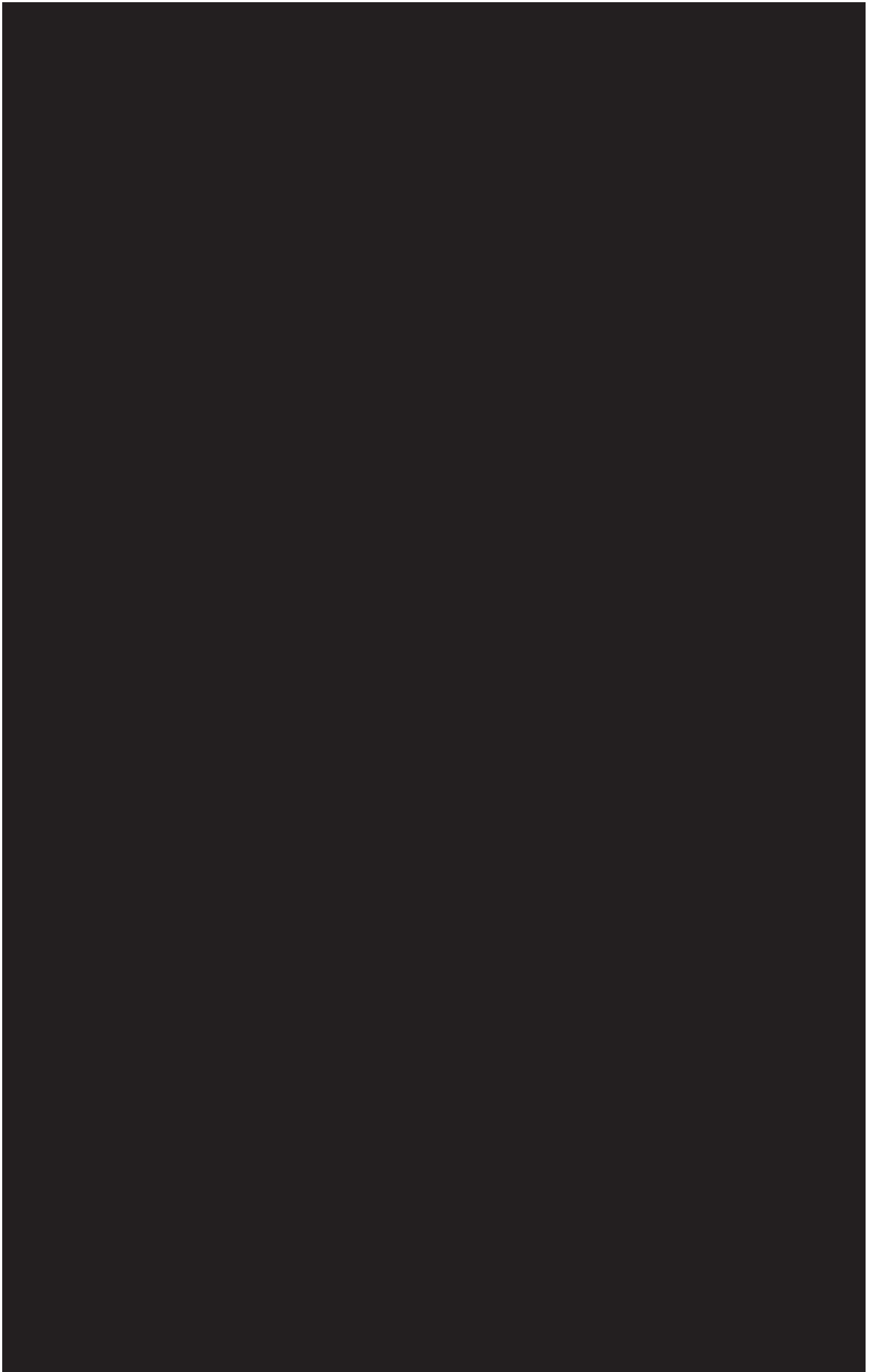
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9 BY MR. NOVAK:

10 Q. Those are pretty significant increases on a  
11 month-to-month basis. Would a suspicious order  
12 monitoring system, in your view, appropriately flag  
13 increases that are -- are less significant than the  
14 ones presented here?

15 MR. MATTHEWS: Objection.

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21 BY MR. NOVAK:

22 Q. Okay. And a system that uses six months of  
23 dispensed data would average out those six months  
24 worth of data to create the flag that's going to be



1       used to determine whether an order is suspicious or  
2       not, correct?

3                   MR. MATTHEWS:  Objection.

4                   THE WITNESS:  I believe so.

5       BY MR. NOVAK:

6           Q.     Does using six months or a year of data have  
7       the effect of potentially masking increases in the  
8       amount of dosage units that a company would -- would  
9       potentially buy from Anda -- or, for that matter,  
10      from any distributor -- as a result of averaging the  
11      data?

12                  MR. MATTHEWS:  Objection.

13                  THE WITNESS:  I don't believe there's any  
14      masking going on.

15       BY MR. NOVAK:

16           Q.     Let me have you look for a moment at a  
17      different example.

18                  (Anda - Cochrane Exhibit 59 was marked for  
19      identification.)

20                  MR. MATTHEWS:  This is two pages, but it's  
21      one exhibit?

22                  MR. NOVAK:  Yes.

23       BY MR. NOVAK:

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7           Q.    So if the controlled substance monitoring  
8           program is constructed with the right variables, you  
9           could have a massive increase in the amount of  
10          product that a customer could order simply based on  
11          stretching out the averages over the year's time.

12                   MR. MATTHEWS:  Objection.

13                   THE WITNESS:  Yeah.  I was just --

14                   MS. URQUHART:  Objection.

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22                   MR. NOVAK:  Okay.  Let me take a quick break.

23                   THE VIDEOGRAPHER:  Off the record at 7:09.

24                   (Recess from 7:09 until 7:16 p.m.)

1                   (Anda - Cochrane Exhibit 60 was marked for  
2       identification.)

3                   (Anda - Cochrane Exhibit 61 was marked for  
4       identification.)

5                   THE VIDEOGRAPHER: The time is 7:16. We're  
6       now back on the record.

7       BY MR. NOVAK:

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19                   Hold on.

20                   I'm concerned that these documents are not  
21       appropriately combined, because looking at the top of  
22       it, they appear to be involving different subject  
23       matters.

24                   Okay. I apologize. There's a different

1 cover page for the last part of Anda Exhibit 61.

2 MR. MATTHEWS: What are we doing here?

3 MR. NOVAK: Could we correct the marking of

4 Anda Exhibit 61?

5 MR. MATTHEWS: How are you trying to correct

6 it?

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MR. MATTHEWS: Okay. For the record, you are  
now over your time limit. I'll give you one  
question to the witness on this document, and I'm  
going to cut off any questions after that.

15

BY MR. NOVAK:

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A. I don't have the cover page with the exhibit  
on it.

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MR. MATTHEWS: Just so the record is clear,  
by "this," you mean what you have marked as  
Exhibit 61?

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MR. NOVAK: Yes.

1 THE WITNESS: There's two that are marked 61,  
2 though. I think maybe this one goes with that  
3 letter.

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16 MR. MATTHEWS: One question for the witness.

17 MR. NOVAK: And I think I already have one  
18 pending.

19 MR. MATTHEWS: Why don't you ask it again.

20 BY MR. NOVAK:

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MR. MATTHEWS: Are you finished?

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MR. NOVAK: I'm out of time.

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MR. MATTHEWS: So you are passing the  
witness?

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MR. NOVAK: Yes.

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MR. MATTHEWS: Before we continue, I would  
just like to ask on the record if you can tell me  
where the last page of Exhibit 61 originated from  
since it doesn't bear Bates numbers, so I don't  
know what it is or where it came from.

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MR. NOVAK: I -- I don't know what explains  
that. I assume it was produced with the  
remainder of the document but for some reason  
does not include a Bates Number.

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MR. MATTHEWS: Since it doesn't bear any  
objective indications of its -- where it came  
from and since the witness didn't identify that  
page in particular, I object to its use in the  
deposition because we don't know anything about  
its authenticity or what it is.

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MR. NOVAK: I believe we have a substitute  
page that -- yeah. I understand your objection.  
I'll have to go back to the production at some

1 point and see if there's a Bates number that can  
2 be attached to it. I understand.

3 MR. MATTHEWS: That's always -- it's  
4 always -- I'm ready, willing, and able to talk  
5 with you about ways we can solve issues that  
6 arise during the deposition. So bring it to me  
7 and we will consider it.

8 MR. NOVAK: Thanks.

9 MR. MATTHEWS: I'm going to have some  
10 questions. I need a few minutes to splash some  
11 water on my face and see if the witness is okay,  
12 all right? And then we will be right back.

13 MR. NOVAK: Thank you.

14 THE VIDEOGRAPHER: The time is 7:27 p.m. We  
15 are going off the record.

16 (Recess from 7:27 until 7:34 p.m.)

17 THE VIDEOGRAPHER: The time is 7:34 p.m. We  
18 are now back on the record.

19 CROSS-EXAMINATION

20 BY MR. MATTHEWS:

21 Q. Good evening, Mr. Cochrane. As you know, my  
22 name is James Matthews. I represent Anda in this  
23 litigation, and today I have been representing you.

24 I have a few questions for you. I know it's

1 late in the day. I appreciate very much the time  
2 that you have been willing to testify today.

3 I want to take you way back to the beginning  
4 of the day and just make sure some certain things are  
5 clear on the record.

6 To begin with, you aren't currently employed  
7 by Anda; is that right?

8 A. No, I'm not.

9 Q. And you haven't been employed by Anda since  
10 sometime in 2016, correct?

11 A. Correct.

12 Q. And your appearance here today is voluntary;  
13 is that correct?

14 A. Yes.

15 Q. I want to focus on a time when you were  
16 employed by Anda and responsible for DEA compliance,  
17 okay?

18 A. Okay.

19 Q. And just so we're sure between us what I mean  
20 by DEA compliance, I mean the process of maintaining  
21 and being responsible for the system that Anda  
22 devised to detect, identify suspicious orders, all  
23 right?

24 A. Okay.

1 Q. But DEA compliance involves a lot more than  
2 that, right?

3 A. Correct.

4 Q. But today we are going to be limited to that,  
5 all right?

6 A. Okay.

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19 Q. And in what areas of the country did Anda  
20 distribute products?

21 A. All across the United States.

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2 Q. Okay. Did that change at some time?

3 A. As to how many customers there were?

4 Q. Independent retail pharmacies approved for  
5 purchasing controlled substances. Did that number  
6 change at some time?

7 A. Yes.

8 Q. How did it change after 2010?

9 A. Drastically. Fewer customers through our due  
10 diligence process and customer review process.

11 Q. When did that customer review and due  
12 diligence process occur?

13 A. It started back in 2007.

14 Q. And when did it sort of end, in your view?

15 A. It's ongoing.

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21 Q. Okay. I want to ask you to refer back to --

22 A. Actually, it would go back to 2005.

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2 Q. Was that accurate as of 2015 to the best of  
3 your recollection?

4 A. I believe it was.

5 Q. At the beginning of -- let me ask you another  
6 question -- sort of background question: At or  
7 around 2010, how many SKUs did Anda distribute?

8 A. More than 10,000, potentially 15,000.

9 Q. Just so the record is clear, what is an SKU?

10 A. It's an individual selling unit of product.

11 Q. Okay. And there was some testimony about  
12 controlled substances and SKUs earlier in the day.

13 Do you remember that?

14 A. Yes.

15 Q. Let me ask you this: At or around the period  
16 2005 to 2010, about how many individual SKUs for the  
17 product oxycodone did Anda distribute?

18 A. Twenty-five to 40, maybe more.

19 Q. Okay. And so it's clear, why would there be  
20 that many SKUs that Anda distributed for oxycodone?

21 A. Different bottle counts, different  
22 milligrams, different manufacturers,  
23 different national drug code numbers. Every national  
24 drug code had its own SKU and item number.

1           Q.    Let me ask you the same question for  
2   hydrocodone: During the period 2005 to 2010, about  
3   how many SKUs for hydrocodone did Anda distribute if  
4   you have a memory?

5           A.    It could have been as many as a hundred.

6           Q.    And how about hydromorphone?

7           A.    Hydromorphone wasn't as popular. Probably  
8   ten, if I had to put a number on it.

9           Q.    Mr. Novak asked you some questions about what  
10   you did when you first had -- got the position as  
11   head of regulatory compliance to familiarize yourself  
12   with the company's obligations.

13                I'm going to ask you: What was the -- from  
14   your perspective as head of the compliance -- DEA  
15   compliance during the time that you had the job, what  
16   was the source of the legal obligations that you  
17   turned to to understand what those legal obligations  
18   were?

19           A.    The code of --

20                MR. NOVAK: Objection.

21   BY MR. MATTHEWS:

22           Q.    You can answer the question.

23           A.    The Code of Federal Regulations, United  
24   States Code.



1 Q. Let me show you what's been marked for  
2 identification as Exhibit 62.

3 (Anda - Cochrane Exhibit 62 was marked for  
4 identification.)

5 BY MR. NOVAK:

6 Q. Can you take a look at Exhibit 62 and tell me  
7 if you know what that is?

8 A. Yes.

9 Q. What is it?

10 A. 21 United States Code, the Controlled  
11 Substances Act.

12 Q. When you testified that you looked at the  
13 United States Code to -- as the source of your legal  
14 obligations with respect to DEA compliance, is that  
15 the section of code you were referring to?

16 A. Yes.

17 Q. Let me hand you what the court reporter has  
18 marked as Exhibit 63.

19 (Anda - Cochrane Exhibit 63 was marked for  
20 identification.)

21 BY MR. MATTHEWS:

22 Q. Look at 63 and tell me if you know what that  
23 is.

24 A. Yes.

1 Q. What is it?

2 A. Title 21, the Code of Federal Regulations.

3 Q. When you testified earlier that you looked at  
4 the regulations as the source of the legal  
5 obligations for DEA compliance at Anda, is that what  
6 you were referring to?

7 A. Yes.

8 Q. You've had a lot of questions today about a  
9 lot of different topics, and I'd like to sort of  
10 orient them to the United States Code and the Code of  
11 Federal Regulations, if I could.

12 So starting first with the code, which is  
13 Exhibit 62, could you take a look at it and tell me  
14 what, if anything, it says about knowing your  
15 customers?

16 MR. NOVAK: Objection.

17 THE WITNESS: There is nothing.

18 BY MR. MATTHEWS:

19 Q. Could you take a look at Exhibit 62 and tell  
20 me, what, if anything, it says about dispensing data?

21 MR. NOVAK: Objection.

22 THE WITNESS: There is nothing.

23 BY MR. MATTHEWS:

24 Q. Could you take a look at Exhibit 62 and tell

1 me what, if anything, it says about Internet  
2 pharmacies?

3 MR. NOVAK: Objection.

4 THE WITNESS: There is nothing.

5 BY MR. MATTHEWS:

6 Q. Could you look at Exhibit 62 and tell me  
7 what, if anything, it says about physicians?

8 MR. NOVAK: Objection.

9 THE WITNESS: There is nothing.

10 BY MR. MATTHEWS:

11 Q. Could you look at Exhibit 62 and tell me,  
12 what, if anything, it says about pain clinics?

13 MR. NOVAK: Objection.

14 THE WITNESS: There is nothing.

15 BY MR. MATTHEWS:

16 Q. Can you look at Exhibit 62 and tell me what,  
17 if anything, it says about shipping suspicious  
18 orders?

19 MR. NOVAK: Objection.

20 THE WITNESS: There is nothing.

21 BY MR. MATTHEWS:

22 Q. Can you look at Exhibit 62 and tell me what,  
23 if anything, it says about cutting off customers?

24 MR. NOVAK: Objection.

1 THE WITNESS: There is nothing.

2 BY MR. MATTHEWS:

3 Q. From your perspective as you read the  
4 applicable code -- let me ask you this: Can you look  
5 at Exhibit 62 and tell me, what, if anything, it says  
6 about site inspections?

7 MR. NOVAK: Objection.

8 THE WITNESS: There is nothing.

9 BY MR. MATTHEWS:

10 Q. And can you look at Exhibit 62 and tell me  
11 what, if anything, it says about Google searches?

12 A. There is nothing.

13 MR. NOVAK: Objection.

14 BY MR. MATTHEWS:

15 Q. If you could look at Exhibit 63, please,  
16 which is a copy of the Code of Federal Regulations,  
17 could you look at Exhibit 63 and tell me what it  
18 says, if anything, about knowing your customer?

19 MR. NOVAK: Objection.

20 THE WITNESS: There is nothing.

21 BY MR. MATTHEWS:

22 Q. Looking at Exhibit 63, can you tell me what,  
23 if anything, it says about dispensing data?

24 MR. NOVAK: Objection.

1 THE WITNESS: There is nothing.

2 BY MR. MATTHEWS:

3 Q. Can you look at Exhibit 63 and tell me, what,  
4 if anything, it says about Internet pharmacies?

5 MR. NOVAK: Objection.

6 THE WITNESS: There is nothing.

7 BY MR. MATTHEWS:

8 Q. Can you look at Exhibit 63 and tell me what,  
9 if anything, it says about physicians?

10 MR. NOVAK: Objection.

11 THE WITNESS: There is nothing.

12 BY MR. MATTHEWS:

13 Q. Can you look at Exhibit 63 and tell me what,  
14 if anything, it says about pain clinics?

15 MR. NOVAK: Objection.

16 THE WITNESS: There is nothing.

17 BY MR. MATTHEWS:

18 Q. Can you look at Exhibit 63 and tell me what,  
19 if anything, it says about not shipping suspicious  
20 orders?

21 MR. NOVAK: Objection.

22 THE WITNESS: There is nothing.

23 BY MR. MATTHEWS:

24 Q. Can you look at Exhibit 36 and tell me what,

1 if anything, it says about cutting off customers?

2 MR. NOVAK: Objection.

3 THE WITNESS: There is nothing.

4 BY MR. MATTHEWS:

5 Q. Can you look at Exhibit 63 and tell me what,  
6 if anything, it says about site inspections?

7 MR. NOVAK: Objection.

8 THE WITNESS: There is nothing.

9 BY MR. MATTHEWS:

10 Q. Can you look at Exhibit 36 and tell me, what,  
11 if anything, it says about Google search?

12 MR. NOVAK: Objection.

13 THE WITNESS: There is nothing.

14 BY MR. MATTHEWS:

15 Q. In fact, would you agree with me that  
16 Exhibit 63 doesn't contain any of the words that I  
17 just asked you about in any of the previous  
18 questions?

19 MR. NOVAK: Objection.

20 THE WITNESS: Yes.

21 BY MR. MATTHEWS:

22 Q. Would you also agree with me that Exhibit 62  
23 doesn't contain any of the words that I asked you  
24 about in the previous questions about that exhibit?

1 A. Yes.

2 MR. NOVAK: Objection.

3 BY MR. MATTHEWS:

4 Q. Besides the statute and the regulation, were  
5 there other sources of information that you relied  
6 upon in thinking about how to meet your obligations  
7 under the statute?

8 A. Sure.

9 MR. NOVAK: Objection.

10 BY MR. MATTHEWS:

11 Q. And what were those sources?

12 A. Local field investigators, industry groups,  
13 Department of Health, DEA, numerous different  
14 advisors or regulators.

15 Q. All right. So have you heard the term  
16 "guidance" in relation to your DEA compliance duties?

17 A. Yes.

18 Q. How do you understand that term, "guidance,"  
19 in that context?

20 A. A lot of the things you described are  
21 guidance mechanisms. Not necessarily  
22 statute-related, but a lot of the things that you  
23 have asked me, we have discussed with our local field  
24 offices, DEA in Washington, and things along those

1 lines.

2 Q. All right. When is the first time anyone  
3 gave you guidance about Internet pharmacies?

4 MR. NOVAK: Objection.

5 THE WITNESS: 2005.

6 BY MR. MATTHEWS:

7 Q. Can you describe what that guidance was and  
8 who you got it from?

9 A. Yes. We were called to Washington D.C. to  
10 meet with Michael Mapes. Internet pharmacies were  
11 apparently a growing problem that they had seen and  
12 were -- were watching. We had some customers that  
13 fit that criteria and they wanted to discuss us  
14 distributing controlled substances to them.

15 Q. Okay. And what was the guidance you  
16 received?

17 MR. NOVAK: Objection.

18 THE WITNESS: Not to do it.

19 BY MR. MATTHEWS:

20 Q. Okay. What did you do after you received  
21 that guidance?

22 A. Immediately stopped doing it.

23 Q. And by "stopped doing it," what do you mean?

24 A. We eliminated all of those customers from



1       being able to purchase controlled substances from us.

2           Q.     When is the first time that you received  
3       guidance from any government agency about  
4       distributing opioids to physicians or pain clinic?

5           MR. NOVAK:  Objection.

6           THE WITNESS:  At some point 2008, maybe,  
7       Department of Health.

8       BY MR. MATTHEWS:

9           Q.     Okay.  What is the Department of Health you  
10      are referring to?

11          A.     Florida Department of Health.

12          Q.     And what were the circumstances under which  
13      you received that guidance?

14          MR. NOVAK:  Objection.

15          THE WITNESS:  We were called to Tallahassee  
16      to specifically discuss a number of growing  
17      dispensing practitioners and physicians within  
18      the state of Florida itself.

19       BY MR. MATTHEWS:

20          Q.     Okay.  And what did you understand was their  
21      view about Internet -- I'm sorry, physicians and pain  
22      clinics at that time?

23          MR. NOVAK:  Objection.

24          THE WITNESS:  That it wasn't something that

1 we wanted to be involved in.

2 BY MR. MATTHEWS:

3 Q. And how did Anda respond to receiving that  
4 guidance?

5 A. We discontinued sales to dispensing  
6 physicians. It may have been after 2008 that we were  
7 called up there. I don't -- I don't remember that  
8 specifically but . . .

9 Q. When you say you ceased sales to dispensing  
10 physicians, does that category also include pain  
11 clinics?

12 A. Yes.

13 Q. I didn't ask you this so I want to go back to  
14 it.

15 With respect to 62, the United States Code,  
16 is there anything in that document about electronic  
17 order monitoring systems?

18 MR. NOVAK: Objection.

19 THE WITNESS: Yes. That you have to develop  
20 a system.

21 BY MR. MATTHEWS:

22 Q. Okay. Can you look at 62, Exhibit 62, and  
23 find for us where it says that you are required to  
24 develop an electronic order monitoring system?

1 MR. NOVAK: Objection.

2 THE WITNESS: Oh, I misunderstood the  
3 question. It's not -- it doesn't have to be  
4 electronic.

5 BY MR. MATTHEWS:

6 Q. And if you look at Exhibit 63, which is the  
7 code of regulations -- let me just draw your  
8 attention to -- I have to find it; sorry -- Section  
9 1301.74(b).

10 I'll read this to you: The registrant shall  
11 design and operate a system to disclose to the  
12 registrant suspicious orders of controlled  
13 substances.

14 Did I read that correctly?

15 A. Yes.

16 Q. What, if anything, does the regulation say  
17 about an electronic order monitoring system?

18 MR. NOVAK: Objection.

19 THE WITNESS: It doesn't.

20 BY MR. MATTHEWS:

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19           Q.    Could you explain the peculiar or the  
20           particular circumstances that are unique for  
21           secondary suppliers in the marketplace?

22           A.    It's a niche for out of stock products,  
23           products that are in short supply, things along those  
24           lines, as a backup.

1 Q. So in terms of ordering patterns from your  
2 customers, what does that mean?

3 A. The majority of their orders are sporadic.  
4 There's -- there's not the same consistency as there  
5 would be with their primary supplier.

6 Q. And when you say sporadic, do you mean that  
7 they vary in quantity?

8 A. It could vary in quantity, specific products.  
9 It doesn't have to be necessarily controlled,  
10 noncontrolled. It could be over the counter.

11 Q. Do they vary in terms of timing?

12 A. Yes.

13 Q. How -- what do you mean by that?

14 A. It all depends on the situation with their  
15 primary supplier. That kind of dictates when they're  
16 going to order something from us and what they're  
17 going to order. It could be a product availability  
18 issue. There's some different circumstances.

19 Q. So in terms of timing, was it your experience  
20 when you were the head of the DEA compliance that  
21 customers ordered at random -- often ordered at  
22 random intervals?

23 A. Yeah.

24 Q. Now I would like you to turn back to what we

1       marked as Exhibit 63. And -- which is the Code of  
2       Federal Regulations, and I would like for you to read  
3       into record the last sentence of Section 1301.74,  
4       subparagraph B, which beginning with "Suspicious  
5       orders."

6           A.     Suspicious orders include orders of unusual  
7       size, orders deviating substantially from a normal  
8       pattern, and orders of unusual frequency.

9           Q.     How does that definition of suspicious orders  
10      relate to your experience as a compliance -- head of  
11      compliance at a secondary supplier of pharmaceutical  
12      products?

13               MR. NOVAK:   Objection.

14               THE WITNESS:   Based on that, you could  
15      consider every controlled substance order  
16      suspicious to a certain extent.

17      BY MR. MATTHEWS:

18           Q.     Right.

19               Now, a lot of the testimony today -- or a lot  
20      of the questions you were asked today focused upon  
21      the implementation of Anda's electronic order  
22      monitoring system.

23               Do you remember those questions?

24           A.     Yes.

1 Q. I want to clarify something right up front.

2 From time to time, do you refer to your --

3 first of all, let me ask you this: What is an

4 electronic order monitoring system?

5 A. It's a system that encompasses multiple

6 facets of data and information.

7 Q. Is the purpose of an electronic order

8 monitoring system to analyze orders received in real

9 time as they're received electronically?

10 A. Yes.

11 Q. And from time to time did you refer to the

12 electronic order monitoring system that Anda put in

13 place as a SOM system?

14 A. Yes.

15 Q. In your view, was the electronic order

16 monitoring system the total sum and substance of

17 Anda's suspicious order monitoring system?

18 MR. NOVAK: Objection.

19 THE WITNESS: No.

20 BY MR. MATTHEWS:

21 Q. Could you describe for the record your view

22 of what Anda's system for detecting suspicious orders

23 was in place during the time that you were there?

24 A. It included collecting customers' information

1 as far as our customer questionnaire is concerned;  
2 their licensing; the fact that we were reviewing  
3 dispense data; the fact that we were reviewing  
4 products; potential doctors that they were even using  
5 from a script-filling perspective.

6 Q. Was there any period of time during your  
7 employment at Anda as head of DEA compliance that  
8 Anda didn't have in place a system for detecting  
9 suspicious orders?

10 A. No.

11 MR. NOVAK: Objection.

12 BY MR. MATTHEWS:

13 Q. What, if any, time while you were employed as  
14 DEA compliance head at Anda did Anda not have a  
15 system in place for detecting suspicious orders?

16 MR. NOVAK: Objection.

17 THE WITNESS: No.

18 BY MR. MATTHEWS:

19 Q. By that, you mean none?

20 A. Yeah, none.

21 Q. Okay. So one purpose -- when you -- I'll  
22 withdraw that.

23 At some point in time, Anda implemented an  
24 electronic order monitoring system; is that correct?



1 A. Yes.

2 Q. When was that, to the best of your  
3 recollection?

4 A. 2007?

5 Q. If I -- well, if I say 2011, does that  
6 refresh your recollection?

7 MR. NOVAK: Objection.

8 THE WITNESS: 20 -- yeah, 2010 to 2011.

9 BY MR. MATTHEWS:

10 Q. Having refreshed your recollection, what was  
11 the period of time that Anda implemented electronic  
12 order monitoring system to the best of your  
13 recollection?

14 A. 2011.

15 Q. Okay. Was the electronic order monitoring  
16 system that was implemented designed to detect  
17 changes in patterns of ordering by your customers?

18 A. Yes.

19 Q. Would you explain, in light of the problems  
20 that secondary suppliers have, what problems you had  
21 with respect to electronic order monitoring systems?

22 A. The problems? Well, we reviewed hundreds of  
23 thousands of orders based on customers' purchasing  
24 history from us and the fact that we were a secondary

1 supplier. It was -- the system could create a lot of  
2 false positives.

3 Q. There was some testimony earlier today about  
4 the particular algorithm that the system used to flag  
5 orders.

6 Do you recall that testimony?

7 A. Yes.

8 Q. Without regard to whatever the algorithm was,  
9 after you implemented the electronic order monitoring  
10 system, how many orders approximately were being  
11 flagged by the system on a month-to-month basis?

12 A. I'm not sure. I don't remember, but it was  
13 thousands.

14 Q. And were all of those orders reviewed by the  
15 compliance department?

16 A. Yes.

17 Q. And how many of those orders did you  
18 determine could be shipped?

19 A. The majority of them.

20 Q. And what was the basis on which you made the  
21 decision that, although the orders had been flagged  
22 by the electronic order monitoring system, they could  
23 be shipped?

24 A. The data that we have collected from the

1 customer as far as our customer questionnaire and  
2 dispensing information.

3 Q. What was your view of the accuracy of the  
4 electronic order monitoring system in identifying  
5 orders that ultimately were suspicious?

6 A. Not very accurate.

7 Q. And why?

8 A. Because of the volume and the amount of  
9 orders and the sporadic nature of our secondary  
10 business model.

11 Q. And so was that a problem, in your view, that  
12 could be fixed by changing the algorithm?

13 A. I'm not sure.

14 Q. Given the problems of applying an electronic  
15 order monitoring system to the business that Anda was  
16 engaged in, what was it you, as head of compliance at  
17 DEA, relied upon to be the best evidence or the best  
18 method for detecting, identifying, and preventing  
19 shipment of orders that you believed were suspicious?

20 MR. NOVAK: Objection.

21 THE WITNESS: Say that one again.

22 BY MR. MATTHEWS:

23 Q. Given the problems --

24 A. I'm getting really tired.

1 Q. Yeah, I apologize.

2 Given the problems that you've described in  
3 using the electronic order monitoring system in  
4 connection with a business such as Anda which has  
5 irregular patterns of ordering from its customers  
6 because it's a secondary supplier, what was it you  
7 believed, as head of DEA compliance at Anda, was the  
8 best method for identifying potentially suspicious  
9 orders?

10 MR. NOVAK: Objection.

11 THE WITNESS: Reviewing customers' data that  
12 was submitted.

13 BY MR. MATTHEWS:

14 Q. Okay. I have you testified earlier that --  
15 well, let me ask it this way: What is your best  
16 recollection of when you first received guidance from  
17 anyone about knowing your customer?

18 MR. NOVAK: Objection.

19 THE WITNESS: Maybe 2007.

20 BY MR. MATTHEWS:

21 Q. Okay. And from your perspective, what does  
22 it mean to know your customer?

23 A. Having background information on them from a  
24 business perspective. Basically what was outlined in

1       our customer questionnaire.

2           Q.     Does that include information about the mix  
3       of products they dispensed?

4           A.     Sure.   Percentage of cash business, you know,  
5       versus credit card or insurance, things along those  
6       lines; having a list of primary physicians that they  
7       would dispense for from a script standpoint.

8                   There's a lot of different things in the  
9       customer questionnaire.   I haven't looked at one for  
10      several years but . . .

11          Q.     Okay.   After you received that guidance in  
12      2007 about knowing your customer, what did you do?  
13      What did Anda do?

14          A.     We -- we sent out the first version of our  
15      customer questionnaire to all of the customers that  
16      we had in our database that were purchasing  
17      controlled substances.   I believe in that first  
18      version we also asked for dispense data.

19                   It wasn't -- it was an evolving process.   The  
20      questionnaire is different now than it was -- well,  
21      it was different in '16, you know, based on what it  
22      was in 2007, but I'm pretty sure that was in there as  
23      well.

24          Q.     All right.   There was some testimony earlier

1       today about the reports that were called monthly --  
2       or were called excessive order reports and suspicious  
3       order reports that Anda filed with the DEA in some  
4       period of time.

5                   Do you recall that testimony?

6           A.     Yes.

7           Q.     Prior to 2005, what feedback did you receive  
8       from DEA about the suspicious order and excessive  
9       order reports you were submitting on a monthly and  
10      weekly basis?

11                  MR. NOVAK:  Objection.

12                  THE WITNESS:  None that I can recall.

13   BY MR. MATTHEWS:

14           Q.     Was there ever a time that they asked you to  
15      submit them in a particular format?

16           A.     Yes.  Originally, we were faxing them  
17      documents, and they requested at some point -- I'm  
18      not sure of the date -- for us to export them in  
19      Excel and e-mail it so there was an electronic  
20      version of it rather than a faxed paper copy to their  
21      fax number.

22           Q.     There were -- sorry.

23                   There were a series of questions about  
24      e-mails you received from DEA about customers who

1 other distributors had ceased doing business with.

2 Do you remember those questions?

3 A. Yup.

4 Q. Could you find in your pile of exhibits

5 Exhibit Number 10, please.

6 Do you have it in front of you, Mr. Cochrane?

7 A. Yes.

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16 Q. Thank you.

17 Could you take a look at Exhibit 13, please.

18 MS. RIGBERG: Excuse me. This is Karen

19 Rigberg. The live feed with the text has

20 stopped, so could you get closer to the

21 microphone?

22 MR. MATTHEWS: Everybody had their microphone

23 on their ties or their blouses.

24 MS. RIGBERG: Okay. That's pretty close.



1 MR. MATTHEWS: I'm not sure about the live  
2 feed.

3 THE VIDEOGRAPHER: Do you want to go off the  
4 record real quick?

5 MR. MATTHEWS: Okay.

6 THE VIDEOGRAPHER: Off the record at 8:11.

7 (Recess from 8:11 until 8:14 p.m.)

8 THE VIDEOGRAPHER: Back on the video record  
9 at 8:14.

10 BY MR. MATTHEWS:

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MR. NOVAK: Objection.

10 BY MR. MATTHEWS:

11 Q. Do you know what Mr. Towle did after he left  
12 Anda?

13 MR. NOVAK: Objection.

14 THE WITNESS: I'm not sure.

15 BY MR. MATTHEWS:

16 Q. Did he continue to be in the industry?

17 A. Yes. I just don't know where he ended up.

18 Q. What was your understanding of what he was  
19 doing?

20 A. Yes, he was still within the pharmaceutical  
21 industry.

22 MR. NOVAK: Objection.

23 BY MR. MATTHEWS:

24 Q. And what was -- in what capacity? What

1       was --

2           A.    Sales.

3           Q.    -- his responsibility?

4           A.    Sales.

5           Q.    Thank you.

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1           Q.    Okay.  What, if anything -- I'll withdraw  
2   that.  Never mind.

3                    Could you turn to what was marked as  
4   Exhibit 25, please.

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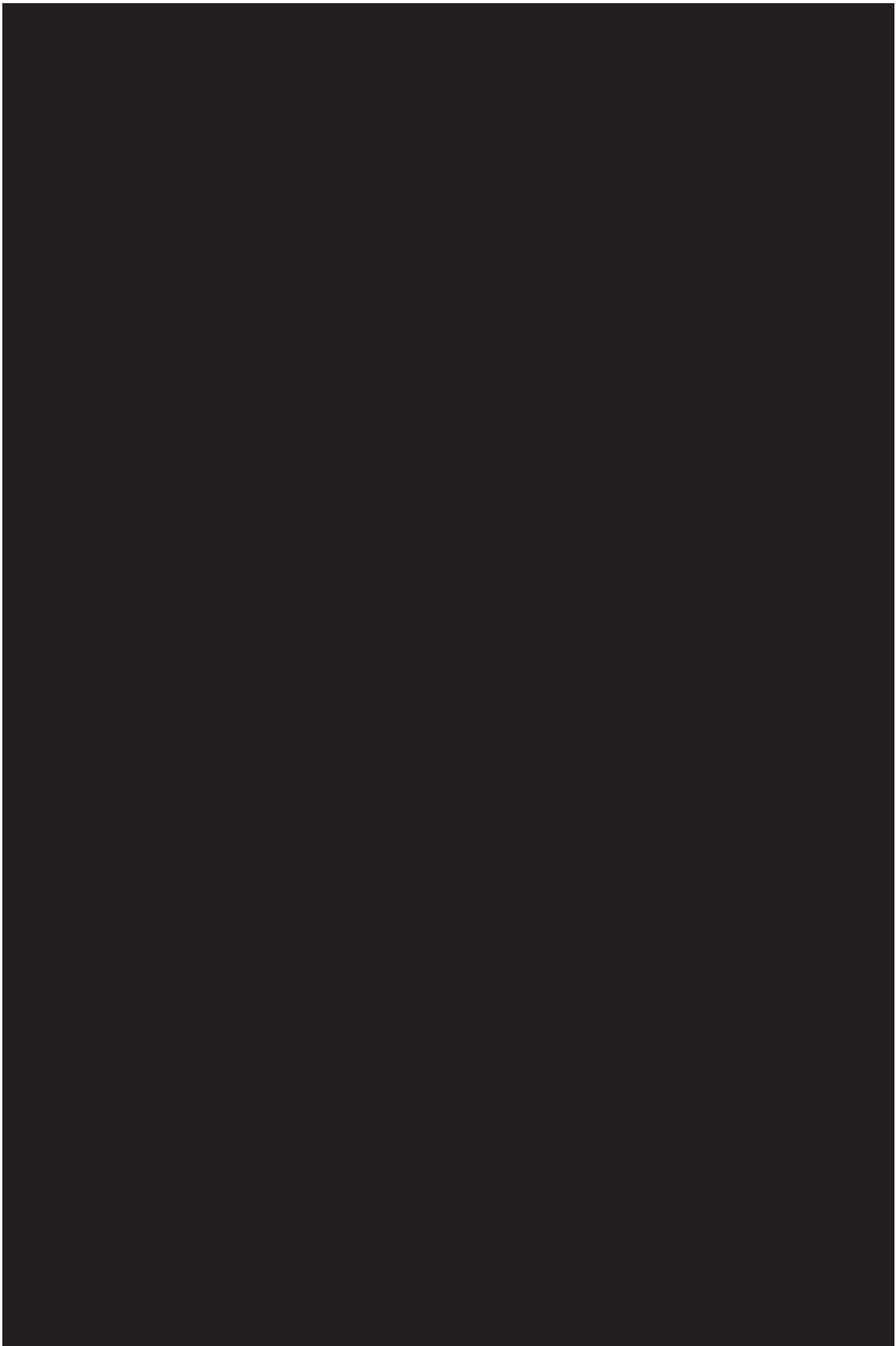


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23           Q.    Is it your view that you had a suspicious  
24           order monitoring system in place in April of 2008?

1           A.     With our 5,000 dosage unit limits and our --  
2     beginning the collection of due diligence data, we  
3     had something in place, yes.

4           Q.     What about an electronic order monitoring  
5     system? Did you have that in place at that time?

6           A.     No.

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Q. Would you turn to Exhibit 35, please.

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Before we talk about Exhibit 35 in particular, Mr. Cochrane, I want to ask a question

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generally about compliance -- or the compliance

7

function at Anda while you were head of DEA

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compliance.

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What kind of -- while you were head of DEA

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compliance -- I'll withdraw that.

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Let's take a look at Exhibit 35.

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1 Q. Do you remember that testimony?

2 A. Yes.

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18 Q. What information about the status of the --

19 (Telephone interruption.)

20 MR. MATTHEWS: Excuse me a second. Can we go  
21 off the record.

22 THE VIDEOGRAPHER: Off the record at 8:38.

23 (Recess from 8:38 until 8:39 p.m.)

24 THE VIDEOGRAPHER: Back on the record at



1 8:39.

2 BY MR. MATTHEWS:

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18 BY MR. MATTHEWS:

19 Q. Okay. Was there any other basis that they  
20 ever told you of?

21 MR. NOVAK: Objection.

22 THE WITNESS: No.

23 BY MR. MATTHEWS:

24 Q. Was that something you had discussed with

1 agents at DEA on multiple occasions between 2007 and  
2 2011?

3 MR. NOVAK: Objection.

4 THE WITNESS: Yes.

5 BY MR. MATTHEWS:

6 Q. Was DEA, from your perspective -- what -- was  
7 DEA, from your perspective, aware of the fact that  
8 you were selling volumes of oxycodone in excess of  
9 5,000 dosage units per month to certain customers  
10 during this time period?

11 A. Yes.

12 MR. NOVAK: Objection.

13 BY MR. MATTHEWS:

14 Q. When you met with DEA about this letter,  
15 did -- or at any time before you received this  
16 letter, did any agent of DEA ever actually identify  
17 any specific order that DEA believed was a suspicious  
18 order?

19 A. No.

20 MR. NOVAK: Objection.

21 BY MR. MATTHEWS:

22 Q. During a period of time between the 2010  
23 inspection and this 2011 order, what orders, if any,  
24 did DEA identify to you as specific orders which it

1 believed were suspicious that Anda had failed to  
2 report?

3 MR. NOVAK: Objection.

4 THE WITNESS: None.

5 BY MR. MATTHEWS:

6 Q. Could you look at Exhibit 52, please.

7 Before I move on, while you were head of DEA,  
8 what, if any, enforcement actions did DEA bring  
9 against Anda in connection with your DEA compliance?

10 A. None.

11 Q. While you were head of compliance at Anda,  
12 what, if any, suspension orders did DEA issue to Anda  
13 in connection with your DEA compliance?

14 A. None.

15 Q. While you were head of DEA compliance at  
16 Anda, was there any period of time when your license  
17 and your registration to distribute controlled  
18 substances was withdrawn by DEA or by any enforcement  
19 action?

20 A. No.

21 Q. Looking at Exhibit 52, Mr. Novak asked you  
22 about this.

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14 Q. All right. The time is 8:50 p.m.

15 What time did you wake up this morning,

16 Mr. Cochrane?

17 A. 5:15.

18 Q. I appreciate your willingness to testify at

19 length. At this time I don't have any further

20 questions for you. Thank you.

21 THE VIDEOGRAPHER: The time is 8:49 p.m. We

22 are going off the record. This marks the end of

23 the deposition -- sorry.

24 MR. NOVAK: The protocol in this case gives



1           me an opportunity to requestion. I don't think I  
2           have much, if anything. I just want to confer  
3           with my colleagues for a minute.

4                       (Recess from 8:49 until 8:53 p.m.)

5           THE VIDEOGRAPHER: The time is 8:53. We are  
6           now back on the record.

7           MR. NOVAK: I'm going to try to keep this  
8           short.

9                       REDIRECT EXAMINATION

10          BY MR. NOVAK:

11           Q. But, Mr. Cochrane, you were asked some  
12           questions by Mr. Matthews regarding Anda's  
13           implementation of its monitoring programs during the  
14           time period you were a compliance manager.

15                       You are aware of instances where Anda did not  
16           follow its own procedures as it related to screening  
17           of customers for the sale of controlled substances,  
18           are you not?

19           MR. MATTHEWS: Objection. Outside the scope.

20           THE WITNESS: Specifically?

21          BY MR. NOVAK:

22           Q. For example, instances where you approved  
23           sales to controlled -- of controlled substances to  
24           customers without having dispense data that would be

1       called for in your own protocols?

2           A.    We didn't start collecting dispense data  
3       until 2007, and we had existing customers that were  
4       buying controlled substances from us prior to that  
5       and after 2007, yes.

6           Q.    And in addition to not having dispensing data  
7       for some of those customers, you did not have  
8       customer questionnaires for all the customers that  
9       you provided controlled substances to after 2007, did  
10      you?

11           MR. MATTHEWS:  Objection.

12           THE WITNESS:  Correct.

13           MR. NOVAK:  Okay.  That's all I have.

14           THE VIDEOGRAPHER:  The time is 8:54 p.m.

15           This marks the end of the deposition.  We are now  
16      off the record.

17           (Whereupon, the deposition concluded at  
18      8:54 p.m.)

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1 C E R T I F I C A T E

2

3 I, KELLY J. LAWTON, Registered Professional  
4 Reporter, Licensed Court Reporter, and Certified  
5 Court Reporter, do hereby certify that, pursuant to  
6 notice, the deposition of MICHAEL COCHRANE was duly  
7 taken on January 15, 2019, at 9:11 a.m. before me.

8 The said MICHAEL COCHRANE was duly sworn by  
9 me according to law to tell the truth, the whole  
10 truth and nothing but the truth and thereupon did  
11 testify as set forth in the above transcript of  
12 testimony. The testimony was taken down  
13 stenographically by me. I do further certify that  
14 the above deposition is full, complete, and a true  
15 record of all the testimony given by the said  
16 witness.

17

18

19 \_\_\_\_\_  
KELLY J. LAWTON, RPR, LCR, CCR

20

21 (The foregoing certification of this  
22 transcript does not apply to any reproduction of the  
23 same by any means, unless under the direct control  
24 and/or supervision of the certifying reporter.)

INSTRUCTIONS TO WITNESS

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Please read your deposition over carefully and make any necessary corrections. You should state the reason in the appropriate space on the errata sheet for any corrections that are made.

After doing so, please sign the errata sheet and date it. It will be attached to your deposition.

It is imperative that you return the original errata sheet to the deposing attorney within thirty (30) days of receipt of the deposition transcript by you. If you fail to do so, the deposition transcript may be deemed to be accurate and may be used in court.

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ACKNOWLEDGMENT OF DEPONENT

I, MICHAEL COCHRANE, do hereby acknowledge  
that I have read the foregoing pages, 1 to 327, and  
that the same is a correct transcription of the  
answers given by me to the questions therein  
propounded, except for the corrections or changes in  
form or substance, if any, noted in the attached  
Errata Sheet.

\_\_\_\_\_  
MICHAEL COCHRANE

\_\_\_\_\_  
DATE

Subscribed and sworn to before me this  
\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

My Commission expires: \_\_\_\_\_

\_\_\_\_\_  
Notary Public

|    | LAWYER'S NOTES |      |  |
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